



---

ISSUER'S PARTICULARS

---

Financial year-end:

[ 31/12/2019 ]

CORPORATE TAX CODE:

[ A-28294726 ]

Corporate name:

[ ENAGÁS, S.A. ]

Registered office:

[ PASEO DE LOS OLMOS, 19 MADRID ]

**A. OWNERSHIP STRUCTURE**

A.1. Complete the following table on the company's share capital:

Date of last modification	Share capital (€)	Number of shares	Number of voting rights
20/12/2019	392,985,111.00	261,990,074	261,990,074

Indicate whether different types of shares exist with different associated rights:

- Yes  
 No

A.2. List the direct and indirect holders of significant ownership interests at year-end, excluding directors:

Name or corporate name of shareholder	% of voting rights assigned to shares		% of voting rights through financial instruments		total % of voting rights
	Direct	Indirect	Direct	Indirect	
BLACKROCK INC	0.00	3.20	0.00	0.17	3.38
STATE STREET CORPORATION	0.00	3.00	0.00	0.00	3.00
BANK OF AMERICA CORPORATION	0.00	3.61	0.00	0.00	3.61
AMANCIO ORTEGA GAONA	0.00	5.00	0.00	0.00	5.00
NORGES BANK	2.80	0.00	0.00	0.21	3.01

Detail of indirect stake:

Name or corporate name of the indirect holder	Name or corporate name of the direct holder	% of voting rights assigned to shares	% of voting rights through financial instruments	total % of voting rights
BLACKROCK INC	BLACKROCK INC	3.20	0.17	3.38
STATE STREET CORPORATION	STATE STREET CORPORATION	3.00	0.00	3.00
BANK OF AMERICA CORPORATION	BANK OF AMERICA CORPORATION	3.61	0.00	3.61
AMANCIO ORTEGA GAONA	AMANCIO ORTEGA GAONA	5.00	0.00	5.00

Name or corporate name of the indirect holder	Name or corporate name of the direct holder	% of voting rights assigned to shares	% of voting rights through financial instruments	total % of voting rights
NORGES BANK	NORGES BANK	0.00	0.21	0.21

Indicate the most significant movements in the shareholder structure during the year:

Most significant movements

At December 31, 2019, RETAIL OEICS AGGREGATE was not registered as significant shareholders in the information published on the CNMV's website. Since December 24, 2019 AMANCIO ORTEGA GAONA has been registered as a significant shareholder in the information published on the CNMV website.

A.3. Complete the following tables on members of the board of directors holding voting rights through company shares:

Name or corporate name of director	% of voting rights assigned to shares		% of voting rights through financial instruments		total % of voting rights	% of voting rights that can be transmitted through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR GONZALO SOLANA GONZÁLEZ	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR MARCELINO OREJA ARBURÚA	0.00	0.00	0.01	0.00	0.01	0.00	0.00
MR ANTONIO LLARDÉN CARRATALÁ	0.03	0.00	0.03	0.00	0.06	0.00	0.00
MR MARTÍ PARELLADA SABATA	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	5.00	0.00	0.00	0.00	5.00	0.00	0.00

% of total voting rights held by the Board of Directors

5.07

Detail of indirect stake:

Name or corporate name of director	Name or corporate name of the direct holder	% of voting rights assigned to shares	% of voting rights through financial instruments	Total % of voting rights	% of voting rights that can be <u>transmitted</u> through financial instruments
No data					

**A.4.** Indicate, as applicable, any family, commercial, contractual or corporate relationships between owners of significant shareholdings, insofar as these are known by the company, unless they are insignificant or arise from ordinary trading or exchange activities, except for those entered in section A.6:

Related party name or corporate name	Type of relationship	Brief description
No data		

**A.5.** Indicate, as applicable, any commercial, contractual or corporate relationships between owners of significant shareholdings, and the company and/or its group, unless they are insignificant or arise from ordinary trading or exchange activities:

Related party name or corporate name	Type of relationship	Brief description
BANK OF AMERICA CORPORATION	Corporate	Dividends and other benefits paid 13,442 thousands of euros.
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	Corporate	Dividends and other benefits paid 18,598 thousands of euros.
BLACKROCK INC	Corporate	Dividends and other benefits paid 12,587 thousands of euros.
STATE STREET CORPORATION	Corporate	Dividends and other benefits paid 11,187 thousands of euros.
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	Contractual	Expenses related to services received: 17 thousands of euros.
NORGES BANK	Corporate	Dividends and other benefits paid 10,741 thousands of euros

- A.6.** Describe the relationships, unless they are scarcely relevant to the two parties, between the significant shareholders or those represented on the board and the directors, or their representatives, in the case of legal entity directors.

Explain, where appropriate, how significant shareholders are represented. Specifically, those directors who have been appointed on behalf of significant shareholders, those whose appointment has been put forward by significant shareholders, or who are bound to significant shareholders and / or entities of their group, with a specification of the nature of such binding relationships, will be indicated. In particular, where appropriate, the information shall mention the existence, identity and position of board members or representatives of directors, if any, of the listed company, who are, in turn, members of the governing body, or their representatives, in companies that hold significant stakes in the listed company or in entities of the group of said significant shareholders:

Name or corporate name of related director or representative	Name or corporate name of related significant shareholder	Corporate name of the group's company of the significant shareholder	Description of relationship/role
MR SANTIAGO FERRER COSTA	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	Proprietary director of Enagás S.A., appointed at the suggestion of Sociedad Estatal de Participaciones Industriales.
MR BARTOLOMÉ LORA TORO	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	Vice Chairman.

- A.7.** Indicate whether the company has been notified of any shareholders' agreements pursuant to articles 530 and 531 of the Corporate Enterprises Act ("LSC"). Provide a brief description and list the shareholders bound by the agreement, as applicable:

Yes  
 No

Indicate whether the company is aware of the existence of any concerted actions among its shareholders. Give a brief description as applicable:

Yes  
 No

Expressly indicate any amendments to or termination of such agreements or concerted actions during the year:

[ N/A ]

**A.8.** Indicate whether any individuals or legal entity currently exercise control or could exercise control over the company in accordance with article 5 of the Securities Market Act. If so, identify:

[ ] Yes  
[ v ] No

**A.9.** Complete the following tables on the company's treasury share:

At year-end:

Number of shares held directly	Number of shares held indirectly (*)	% of total share capital
501,946		0.19

(\*) Through:

Name or corporate name of the direct shareholder	Number of shares held directly
No data	

Explain the significant variations during the financial year:

Explain the significant variations

[ N/A ]

**A.10.** Give details of the applicable conditions and time periods governing any resolutions of the General Shareholders' Meeting to issue, buy back and/or transfer treasury shares:

The Ordinary General Shareholders' Meeting held on March 27, 2015 adopted the following resolution:  
"To authorise and empower the Board of Directors, with power of substitution, for the derivative acquisition of the company's own shares in accordance with article 146 of the Corporate Enterprises Act, in the following terms:  
1. The acquisitions may be carried directly by Enagás, S.A. or indirectly by subsidiaries under the same terms as those set out herein.  
2. The acquisitions may be carried out through a purchase and sale, exchange or any other transaction permitted by law.  
3. The maximum number of shares to be acquired shall be the maximum number permitted by law.

4. The acquisition price shall not be more than 15% higher or lower than the average weighted share price of the session prior the acquisition.  
 5. The authorisation is granted for a maximum of five years from adoption of this resolution.  
 In accordance with article 146 of the Corporate Enterprises Act, it is hereby expressly stated that the shares acquired pursuant to this authorisation may, in whole or in part, be directly awarded to employees or directors of the company or of companies belong to its Group, or that the purchase is the result of the exercise of employee or director options.  
 This resolution repeals and leaves without effect by the amount not used the authorisation granted by the General Shareholders' Meeting of April 30, 2010 for the derivative acquisition of treasury shares".

**A.11. Estimated floating capital:**

	%
Estimated floating capital	90.00

- A.12.** Give details of any restriction (statutory, legislative or otherwise) on the transferability of securities and/or any voting right restriction. In particular, the existence of any type of restrictions that may make it difficult to take control of the company through the acquisition of its shares in the market, as well as authorisation or prior notice arrangements that, on acquisitions or transfers of financial instruments of the company are applicable by sectoral regulations.

- Yes  
 No

Description of restrictions

Restrictions under law:  
 Additional Provision 31 of Law 34/1998, of October 7, on the Hydrocarbons Sector, in force since the enactment of Act 12/2011, of May 27, governing civil liability for nuclear damage or damage caused by radioactive materials, specifies in section 2 that:  
 "No natural person or legal person may hold, directly or indirectly, an interest in the parent company (ENAGÁS, S.A.) representing more than 5% of share capital or exercise more than 3% of its voting rights. Under no circumstances may such shareholdings be syndicated. Any party operating within the gas sector, including natural or legal persons that directly or indirectly own equity holdings in the former of more than 5%, may not exercise voting rights over 1%. These restrictions do not apply to direct or indirect interests held by public sector enterprises. Under no circumstances may share capital be syndicated. Likewise, the combined total of direct or indirect holdings owned by parties that operate within the natural gas sector may not exceed 40% (...)" (continues in Chapter H."OTHER INFORMATION OF INTEREST": EXPLANATORY NOTE ON SECTION A.12.)

- A.13.** Indicate whether the general shareholders' meeting has agreed to take neutralisation measures to prevent a public takeover bid by virtue of the provisions of Act 6/2007.

- Yes  
 No

If applicable, explain the measures adopted and the terms under which these restrictions may be lifted:

**A.14.** Indicate whether or not the company has issued securities not traded in a regulated market of the European Union.

Yes  
 No

If so, identify the various classes of shares and, for each class of shares, the rights and obligations they confer:

---

**B. GENERAL SHAREHOLDERS' MEETING**

**B.1.** Indicate whether the quorum required for constitution of the General Shareholders' Meeting differs from the system of minimum quorums established in the Corporate Enterprises Act and specify any such:

Yes  
 No

**B.2.** Indicate and, as applicable, describe any differences between the company's system of adopting corporate resolutions and the framework established in the Corporate Enterprises Act:

Yes  
 No

**B.3.** Indicate the rules governing amendments to the company's articles of association. In particular, indicate the majorities required to amend the articles of association and, if applicable, the rules for protecting shareholders' rights when changing the articles of association.

Article 18 of the Consolidated Text of the Articles of Association states that:

"The shareholders, when constituted as a duly summoned General Meeting, shall by a majority of votes as determined by law decide upon the matters that fall within the powers of the General Meeting. The General Meeting is responsible for addressing and agreeing upon the following issues: (...) and states in section c) amendments to the Articles of Association".

Likewise, article 26 states that:

"An ordinary or extraordinary General Meeting may validly resolve to increase or reduce capital, make any other alterations to the Articles of Association, issue bonds, remove or restrict the pre-emptive subscription right for new shares, and restructure, merge or split the company, transfer all the assets and liabilities thereof, or move the registered office to outside Spain, if, at the original date and time specified in the notice of meeting, there are present, in person or by proxy, shareholders representing at least fifty percent of voting subscribed capital.

At second call, the attendance or representation of shareholders holding at least twenty-five percent of subscribed voting capital shall be sufficient". Likewise, article 13.3 of the Rules and Regulations of the General Shareholders' Meeting states that:

"An absolute majority of shareholders holding at least fifty percent of the subscribed capital with voting rights is required to validly adopt resolutions to increase or decrease capital, make any other amendment to the Articles of Association, issue bonds, eliminate or restrict pre-emptive subscription rights for new shares, transform, merge, spin off or globally assign assets and liabilities, and transfer the registered office abroad. However, the favourable vote of shareholders representing two-thirds of the share capital present or represented is required when, on second call, shareholders holding at least twenty-five percent of the subscribed capital with voting rights are present and the aforementioned fifty percent threshold is not reached".



**B.4.** Indicate the attendance figures for the General Shareholders' Meetings held during the year referred to in this report and those of previous years:

Date of general meeting	Attendance data				Total
	% attending in person	% of representation	% remote voting Electronic means	Other	
31/03/2017	0.15	39.01	0.00	6.49	45.65
Of which floating capital	0.14	37.06	0.00	6.17	43.37
22/03/2018	0.28	40.17	0.00	5.18	45.63
Of which floating capital	0.27	38.16	0.00	4.92	43.35
29/03/2019	0.20	45.55	0.04	5.26	51.05
Of which floating capital	0.19	43.27	0.04	4.99	48.49

**B.5.** Indicate whether there has been any item on the agenda of general meetings during the year that, for any reason, was not approved by the shareholders:

Yes  
 No

**B.6.** Indicate whether the articles of association impose any minimum requirement on the number of shares required to attend the General Shareholders' Meeting or for remote voting:

Yes  
 No

**B.7.** Indicate whether or not it has been established that certain decisions, other than those established by Law, involving an acquisition, disposal, contribution of essential assets to another company or other similar corporate operations, must be submitted for the approval of the general shareholders' meeting:

Yes  
 No

**B.8.** Indicate the address and mode of accessing corporate governance content on your company's website as well as other information on general meetings which must be made available to shareholders on the:

All information on Enagás, S.A.'s Corporate Governance and General Meetings is available to the public on its website ([www.enagas.es](http://www.enagas.es) or [www.enagas.com](http://www.enagas.com)). The links to this information can be found easily through the company's web browser and are as follows:

• In Spanish:

- i) Página principal / Accionistas e Inversores /Gobierno Corporativo:
  - Junta General de Accionistas.
  - Política de Gobierno Corporativo.- Informe Anual de Gobierno Corporativo.
- ii) Página principal/Sostenibilidad/Gobierno Corporativo.

• In English:

- i) Home/Investor Relations/Corporate Governance:
  - General Shareholders' Meeting.
  - Corporate Governance Policy.



## ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

---

- Annual Report on Corporate Governance.
- ii) Home/Sustainability/Corporate Governance.

**C. COMPANY MANAGEMENT STRUCTURE**

**C.1. Board of Directors**

C.1.1 Maximum and minimum number of directors included in the articles of association and the number set by the general meeting:

Maximum number of Directors	14
Minimum number of Directors	6
Number of directors set by the shareholders' meeting	13

C.1.2 Complete the following table with Board members' details:

Name or corporate name of director	Representative	Director category	Position on the board	Date first appointment	Date last appointment	Election procedure
MS ANA PALACIO VALLELERSUNDI		Independent	INDEPENDENT LEADING DIRECTOR	25/03/2014	22/03/2018	VOTE AT GENERAL SHAREHOLDERS' MEETING
MR GONZALO SOLANA GONZÁLEZ		Independent	DIRECTOR	25/03/2014	22/03/2018	VOTE AT GENERAL SHAREHOLDERS' MEETING
MR ANTONIO HERNÁNDEZ MANCHA		Independent	DIRECTOR	25/03/2014	22/03/2018	VOTE AT GENERAL SHAREHOLDERS' MEETING
MR MARCELINO OREJA ARBURÚA		Executive	CHIEF EXECUTIVE OFFICER	17/09/2012	22/03/2018	VOTE AT GENERAL SHAREHOLDERS' MEETING
MR SANTIAGO FERRER COSTA		Proprietary	DIRECTOR	15/10/2018	29/03/2019	VOTE AT GENERAL SHAREHOLDERS' MEETING
MR IGNACIO GRANGEL VICENTE		Independent	DIRECTOR	22/03/2018	22/03/2018	VOTE AT GENERAL SHAREHOLDERS' MEETING

Name or corporate name of director	Representative	Director category	Position on the board	Date first appointment	Date last appointment	Election procedure
MR LUIS GARCÍA DEL RÍO		Independent	DIRECTOR	31/03/2017	31/03/2017	VOTE AT GENERAL SHAREHOLDERS' MEETING
MS ISABEL TOCINO BISCAROLASAGA		Independent	DIRECTOR	25/03/2014	22/03/2018	VOTE AT GENERAL SHAREHOLDERS' MEETING
MR ANTONIO LLARDÉN CARRATALÁ		Executive	CHAIRMAN	22/04/2006	22/03/2018	VOTE AT GENERAL SHAREHOLDERS' MEETING
MR MARTÍ PARELLADA SABATA		Other External	DIRECTOR	17/03/2005	31/03/2017	VOTE AT GENERAL SHAREHOLDERS' MEETING
MS ROSA RODRÍGUEZ DÍAZ		Independent	DIRECTOR	24/04/2013	31/03/2017	VOTE AT GENERAL SHAREHOLDERS' MEETING
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	MR BARTOLOMÉ LORA TORO	Proprietary	DIRECTOR	25/04/2008	18/03/2016	VOTE AT GENERAL SHAREHOLDERS' MEETING
MS PATRICIA URBEZ SANZ		Independent	DIRECTOR	29/03/2019	29/03/2019	VOTE AT GENERAL SHAREHOLDERS' MEETING

Total number of Directors	13
---------------------------	----

Indicate the losses due to resignation, dismissal or for any other reason, in the board of directors during the reporting period:

Name or corporate name of director	Status of director upon resignation	Date of last appointment	Date of departure	Specialized commissions of which she/he was a member	Indicate if the departure occurred before the end of the mandate
MR LUIS JAVIER NAVARRO VIGIL	Other External	27/03/2015	29/03/2019	Appointments, Remuneration and CSR Committee.	NO

Name or corporate name of director	Status of director upon resignation	Date of last appointment	Date of departure	Specialized commissions of which she/he was a member	Indicate if the departure occurred before the end of the mandate

C.1.3 Complete the following tables on board members and their respective categories:

EXECUTIVE DIRECTORS		
Name or corporate name of director	Position held in the company	Profile
MR MARCELINO OREJA ARBURÚA	Chief Executive Officer	<p>Marcelino Oreja has been Chief Executive Officer of Enagás since September 2012. Currently, he is also a Trustee of the Transforma España Foundation. Marcelino Oreja is a Patent and Trademark Agent. He holds a degree in Industrial Engineering from the School of Engineering (ICAI) at the Pontifical University of Comillas and completed the Global CEO Programme and the Advanced Management Programme, both at the IESE Business School. Between 1992 and 1997 he was General Secretary of the National Confederation of Young Entrepreneurs, maintaining close collaboration with the Spanish Confederation of Entrepreneurs. In his international and strategic development he has been an adviser to companies such as COMET or SERVICOM. He founded DEF-4 patents and trademarks, which he sold to Garrigues Andersen in 1997, becoming its General Manager. Among other senior positions, he was the International Director of Aldeasa, General Manager of EMTE and, following the merger with COMSA, General Manager of COMSA EMTE (the second biggest unlisted Spanish group in the infrastructure and technology sector). He was also Chairman of the FEVE railway company. In the political sphere, he was a Member of the European Parliament from 2002 to 2004. He was also a Board Member of the Basque Energy Agency. He is the author of two books: <i>Viaje interior por África</i> (2000) and <i>Cultura emprendedora y la Unión Europea</i> (2003).</p>
MR ANTONIO LLARDÉN CARRATALÁ	Chairman	<p>Antonio Llardén has been the Executive Chairman of Enagás since 2007. In addition, he currently holds the office of Chairman of the Foundation for Energy and Environmental Sustainability (Funseam), formed by the major companies operating in the energy market in Spain, as well as being a member of the Executive Committee and the Spanish Energy Club Management Board and of the CEOE Business Action Council and the Business Leadership Forum. He is a Trustee of the Elcano Royal Institute of International and Strategic Studies (chaired by His Majesty King Felipe VI of Spain), of the Princess of Girona Foundation (whose Honorary President is H.R.H. Princess of Asturias and Girona), of the Spain-Peru Council Foundation, of Aspen Institute Spain, of the Spain-United States Council Foundation and of the Foundation of Studies of Applied Economics (FEDEA). Antonio Llardén collaborates with different institutions related to the world of music.</p>

EXECUTIVE DIRECTORS		
Name or corporate name of director	Position held in the company	Profile
		<p>He is a Trustee of the Reina Sofia Royal College of Music and a member of the Teatro Real Board of Protectors and of its Monitoring Committee. He is an Industrial Engineer and studied at the Higher Technical School of Industrial Engineering of the Polytechnic University of Catalonia in Barcelona, and has wide experience in the business sector. Throughout his career he has held various senior positions in the infrastructure and energy sectors. He has been Chairman of the gas employer Sedigas, and also a member of the Board of Directors of Eurogas and of the Executive Committee of the International Gas Union (IGU). He has been a Director in several companies. In 2007 he chaired the LNG World Congress, which periodically brings together the main players in the natural gas sector every three years. He has also been Dean of the College of Engineers; member of the Social Council of the Autonomous University of Barcelona and Chairman of its Economic Commission. He is a Knight of the National Order of the Legion of Honour, the highest award granted by France for eminent merits in service to the country. He is currently a visiting professor at several universities and business schools.</p>

Total number of Executive Directors	2
% of the Board	15.38

EXTERNAL PROPRIETARY DIRECTORS		
Name or corporate name of director	Name or corporate name of significant shareholder represented or proposing appointment	Profile
MR SANTIAGO FERRER COSTA	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	<p>- Graduate in Economics and Business Administration. - Director of the Economic and Social Council (CES) of the Balearic Islands. - Member of the Economic Committee of the Economic and Social Council (CES) of the Balearic Islands. - Chief Executive Officer of Morna Assessors, associated with Grupo Tax Economistes i Advocats. - Practising economist with No. 981 of the Association of Economists of the Balearic Islands.</p>
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	<p>- Vice Chairman of SEPI. - A graduate in Economic and Business Sciences through CUNEF, specializing in Finance and Executive MBA through the Business Institute. - He started his professional career at Bankinter and held positions in the financial area at Enfersa and Ferrovial. - He joined the National Institute of Industry (INI) in 1990. - He was appointed director of Planning in 2000 and director of Subsidiaries in 2002, joining SEPI's Management Committee.</p>

EXTERNAL PROPRIETARY DIRECTORS		
Name or corporate name of director	Name or corporate name of significant shareholder represented or proposing appointment	Profile
		-He has been a member of the Boards of Directors of NAVANTIA, ALESTIS, ITP and TRAGSA.

Total number of proprietary directors	2
% of the Board	15.38

INDEPENDENT EXTERNAL DIRECTORS	
Name or corporate name of director	Profile
MS ANA PALACIO VALLELERSUNDI	<p>Lawyer, founder of Palacio &amp; Asociados law firm. • Independent Leading Director of Enagás, Director of Pharmamar and Director of AEE Power. • Elective member of the Spanish Council of State (2012-2018). • Member of Investcorp’s International Advisory Committee and Member of the International Advisory Council of Office Chérifien des Phosphates (OCP).</p> <p>Member of IE Business School’s Governing Board. • Member of the External Advisory Council of Energy Future Initiative (EFI). • Member of the World Economic Forum’s Global Agenda Council and Member of the Executive Board of the Atlantic Council of the United States. • Member of the governing bodies of a number of research centres and public institutions: the MD Anderson Cancer Center, the Science Board of Real Instituto Elcano and the Global Leadership Foundation. • Guest lecturer at Edmund A. Walsh School of Foreign Service at Georgetown University. • Regular contributor to “Project Syndicate”, among other media.</p> <p>• Regular participant as panellist in international conferences and forums; in the energy sector, among others, the Istanbul G-20 International Energy Forum; the Atlantic Council Energy &amp; Economic Summit, Atlantic Council Energy Forum and the Schlessinger Awards Energy Security Conference. She was invited as a speaker by the International Energy Agency (IEA) (2017). • Holder of equivalent master’s degrees in law, political science and sociology. • Honorary doctorate in humanities from Georgetown University and winner of the 2016 Sandra Day O’Connor Justice Prize and Officer of the National Order of the Legion of Honour of the Republic of France (2016). • Member of the European advisory council of The European House - Ambrosetti (2015-2016). • Coordinator of the Trans-European Transport Network (2014). • Member of the Advisory Council of Foreign Affairs and Security (2010-2014) and of the Committee for the Appointment of Judges and Advocates-General of the European Union Court of Justice and the General Court (2010-2013). • Adviser to the European Commission on justice, fundamental rights and citizenship (2010-2012). • Vice President and member of the Executive Committee of AREVA (2008-2009). • Senior Vice President and General Counsel of the World Bank (2006-2008). • Secretary General of the International Center for the Settlement of Investment Disputes (2006-2008). • Member of the Spanish Parliament, Chairwoman of the Joint Committee of the Two Houses for EU affairs (2004-2006). • Spain’s first woman Minister of Foreign Affairs (2002-2004). • Member of the Presidium of the Convention for the Future of Europe: She participated in the debate and the drafting of the European Constitution project (2001-2003).</p>

INDEPENDENT EXTERNAL DIRECTORS	
Name or corporate name of director	Profile
	Member of the European Parliament, Chairwoman of the Legal Affairs and Internal Market, Citizen Rights, Justice and Internal Affairs Committees, and Chairwoman of the Conference of Committee Chairmen (1994-2002).
MR GONZALO SOLANA GONZÁLEZ	Director of the Nebrija Santander Chair in International Business Management. • Professor of international economics at a number of universities. • Founding partner of the law firm Huerta & Solana specialising in competition law and regulations. • Independent Director of OMIClear, Chairman of the Audit Committee and Vice Chairman of the Risk Committee. • Member of the board of trustees of the Corell Foundation and coordinator of the mobility Think Tank. • President of the Tribunal for the Defence of Competition (2000-2005). • Vice President and Director of Analysis and Strategy of the High Council of Chambers of Commerce (2006-2011) and Director of Study Services at the High Council of Chambers of Commerce (1986-2000). • Former member of the National Institute of Statistics (INE)(1986-2000 and 2006-2011) and Chairman of the Regional Statistics Committee of the INE. • Economist at the Institute for Economic Studies (1981-1986). • Professor of Applied Economics at the University of San Pablo CEU and of International economics at the University of Deusto.
MR ANTONIO HERNÁNDEZ MANCHA	Public prosecutor. • Member of the Court of Arbitration of Madrid's Chamber of Commerce and Industry of Madrid. • Founding President and Sole Director of Apple Energy Group Iberia, S.L. • Member of CIMA (Civil and Mercantile Arbitration Court). • Former Vice President of NAP de las Américas Madrid, S.A. • Former Chief Executive Officer of NAP de África Occidental e Islas Canarias, S.A.
MR IGNACIO GRANGEL VICENTE	• Ex-Chairman of OMEL (Electricity Market Operator). • Ex-Director of MIBGAS and MIBGAS Derivatives. • Member of the Expert Commission on energy transition scenarios. • Managing Partner of the Department of Public Law and Regulated Sectors of CMS Albiñana & Suárez de Lezo. • Ex-Director of the Legal Advisory and Ex-Vice-secretary General of REE (2015-2017). • Former Director of the Cabinet of the Secretary of State for Energy. Ministry of Industry, Energy and Tourism (2012-2015). • Ex-Member of the Board of Directors of the Strategic Petroleum Products Reserves Corporation (2012-2015). • Ex-Director of the National Radioactive Waste Company. Ex-Chairman of the Audit and Control Committee. (March 2012-2015). • Lawyer of the State (2004), having completed the Higher Programme in Energy Law of the Institute of Business (2011).
MR LUIS GARCÍA DEL RÍO	Public prosecutor, currently on leave of absence. • Former Director of internal law assistance of Repsol Butano S.A. and former secretary of its Board (2003-2005). • Former Director of regulations regarding vice presidency of exploration and production and natural gas of Grupo Repsol (2005-2008). • Former Director of YPF,S.A. (Independent Director). • Arbitrator and practising Lawyer (Partner of the firm DRL Abogados corresponding to the professional limited company GARCÍA DEL RÍO & LARRAÑAGA S.L.P).
MS ISABEL TOCINO BISCAROLASAGA	• Vice President of Santander Spain. • Former President of Banco Pastor. • Independent Director of ENCE. • Former Spanish Minister for the Environment (1996-2000). • Former President for Spain and Portugal and former Vice President of Siebel (subsequently acquired by Oracle). • Former legal adviser to the Nuclear Energy Board (currently CIEMAT). • Member of the Spanish Royal Academy of Doctors.



INDEPENDENT EXTERNAL DIRECTORS	
Name or corporate name of director	Profile
MS ROSA RODRÍGUEZ DÍAZ	<p>Doctorate in Economics and Business Administration. • In her capacity as Tenured Professor of the Department of Financial Economics and Accounting of the University of Las Palmas de Gran Canaria, has financial and accounting knowledge. • Member of the Board of Directors of Energías Renovables NAVCAN, S.L. • Member of the Board of Directors of Eólica Las Cabras, S.L.U. • Former Vice Secretary of Tax Administration and Planning for the government of the Canary Islands. • Former Vice President of Gran Canaria's Cabildo. • Former member of the Board of Directors of the collecting company of the City of Las Palmas of Gran Canaria, ERELPA, S.A., (1999-2003). • Former member of the Board of Directors of EMALSA, S.A. (1999-2003). •</p> <p>Former President of the autonomous collection agency dependent on the Cabildo de Gran Canaria VALORA GESTIÓN TRIBUTARIA (2003-2007 and 2011-2012). • Former member of the Board of Directors of SERVICIO INSULAR DE ABASTECIMIENTO DE LECHE, S.A. (SIALSA), (2003-2007). • Former member of the Board of Directors of the SOCIEDAD DE PROMOCIÓN ECONÓMICA DE GRAN CANARIA (SPEGC), exercising mainly the functions of economic and financial control (2003-2007) and Vice President (2011-2012). • Former member of the Board of Directors of the Sociedad de Avales de Canarias S.G.R.-SOGAPYME (2003-2007).</p> <p>Former Vice President of the Board of Directors of La Caja de Canarias (2004-2007). • Former member of the Governing Council of the University of Las Palmas de Gran Canaria and member, among others, of the Economic Commission, (2003-2007). • Former member of the Commission for the Plenary of Budgets, Economy and Finance of the Parliament of the Canary Islands in its VII Legislature (2007-2010).</p>
MS PATRICIA URBEZ SANZ	<p>Head of Public Sector at Fujitsu Spain. Member of the Executive Committee of Fujitsu Iberia. She holds a degree in Telecommunications Engineering from the University of Zaragoza, complemented by several exclusive management programmes: Transformational Leadership Program, ICLD, Fundación CEDE, Spain (2016); Atos Executive GOLD (Talent Development Programme), HEC Paris, France (2014); Masters in Logistics (APICS) - CEL (Spanish Logistics Centre), Spain (2000) and the ESADE Programme for Directors. With more than 24 years of professional experience in the world of Information and Communication Technologies (ICT), she has developed her professional career in multinational companies: Accenture (Spain), as Manager (different areas - Banking, Telecommunications, Utilities, Public Sector - and responsibilities). Mercedes Benz (Germany and the Netherlands), as Director of the SAP Logistics Consulting Department in the Daimler Chrysler Solution Center. Atos Origin (Spain) as Consulting Director and Market Director- Public Sector Spain. Atos Corporation (France) as Vice President Head of Public Sector, Health and Transport Vertical Portfolio - Worldwide. Fujitsu Technology Solutions (Spain) where she holds her current position. She is a member of the AED (Spanish Association of Directors) and collaborator of the ILCD alumni group. She actively participates in media outreach activities, being co-founder of the think-tank #somosmujerestech and author of numerous articles in business communication.</p>
Total number of Independent Directors	8
% of the Board	61.54

List any independent director who receives from the company or group any amount or payment other than standard director remuneration or who maintains or has maintained during the period in question a business relationship with the company or any group company, either in their own name or as a significant shareholder, director or senior manager of an entity which maintains or has maintained the said relationship.

If applicable, include a statement from the board detailing the reasons why the said director may carry on his duties as an independent director.

Name or corporate name of director	Description of the relationship	Motivated statement
MS ANA PALACIO VALLELERSUNDI	Not applicable.	Not applicable.
MR GONZALO SOLANA GONZÁLEZ	Not applicable.	Not applicable.
MR ANTONIO HERNÁNDEZ MANCHA	Not applicable.	Not applicable.
MR IGNACIO GRANGEL VICENTE	Not applicable.	Not applicable.
MR LUIS GARCÍA DEL RÍO	Not applicable.	Not applicable.
MS ISABEL TOCINO BISCAROLASAGA	Not applicable.	Not applicable.
MS ROSA RODRÍGUEZ DÍAZ	Not applicable.	Not applicable.
MS PATRICIA URBEZ SANZ	Not applicable.	Not applicable.

**OTHER EXTERNAL DIRECTORS**

Identify all other external directors and explain why these cannot be considered proprietary or independent directors and detail their relationships with the company, its executives or shareholders:

Name or corporate name of director	Reasons	Company, executive or shareholder with whom the relationship is maintained	Profile
MR MARTÍ PARELLADA SABATA	For having been a Director of the Company for a continuous period of more than 12 years.	ENAGÁS, S.A.	Professor at the University of Barcelona. • Member of the Governing Council and Chairman of the Standing Committee of the Hospital Clinic of Barcelona.

**OTHER EXTERNAL DIRECTORS**

Identify all other external directors and explain why these cannot be considered proprietary or independent directors and detail their relationships with the company, its executives or shareholders:

Name or corporate name of director	Reasons	Company, executive or shareholder with whom the relationship is maintained	Profile
	<p>The Board of Directors has adopted the practice of not proposing to the General Shareholders' Meeting the re-election of Independent Directors who have continuously been directors for over 12 years and who would thus lose their status as Independent Directors if re-elected in accordance with Article 529 duodecies. 4 i) of the Consolidated Text of the Corporate Enterprises Act. Nevertheless, according to applicable laws, the Articles of Association and the Rules and Regulations of the Organisation and Functioning of the Board of Directors of Enagás, S.A., there is nothing to stop an Independent Director from being re-elected even if he or she has been a Director continuously for over 12 years, if there are sufficient grounds to justify that course of action and the structure of the Board overall continues to fulfil the company's good governance policy which is that most of the members of the Board of Directors have to be Independent Directors. In such case and in accordance with Article 529 duodecies of the Consolidated Text of the Corporate Enterprises Act and Article 9 of the Rules and Regulations of the Organisation and Functioning of the Board of Directors of Enagás, the Director cannot be classified as Independent and will instead be included within the category of "other external directors" pursuant to Article 3.2 b3 of the Rules and Regulations of the Organisation and Functioning of the Board of Directors.</p>		<p>Chairman of the Barcelona Economic Institute Foundation. • Trustee of the Energy and Environmental Sustainability Foundation.</p>

**OTHER EXTERNAL DIRECTORS**

Identify all other external directors and explain why these cannot be considered proprietary or independent directors and detail their relationships with the company, its executives or shareholders:

Name or corporate name of director	Reasons	Company, executive or shareholder with whom the relationship is maintained	Profile
	<p>In the specific case of the Director Mr Martí Parellada Sabata, the Board, with the approval of the Appointments, Remuneration and Corporate Social Responsibility Committee, consists that on the whole there are sufficient grounds, in the company's interests, for him to remain on the Board of Directors of Enagás. His occupation as a Professor of Applied Economics helps the Board of Directors to have an overview of the general background in which the company operates, thereby completing the general skills map of the Board of Directors in different areas of expertise, and from a perspective which for the time being is not covered by other Board members. His professional experience is coupled with his deep knowledge of the business and activities of the Company, to which he adds rigour in the exercise of the position of Director.</p>		

Total number of other external directors	1
% of the Board	7.69

List any changes in the category of each director which have occurred during the year:

Name or corporate name of director	Date of the change	Former category	Actual category
No data			

C.1.4 Complete the following table with information regarding the number of female directors over the last four financial years, and their category:

	Number of female Directors				% of total directors of each category			
	2019	2018	2017	2016	2019	2018	2017	2016
Executive					0.00	0.00	0.00	0.00
Proprietary					0.00	0.00	0.00	0.00
Independent	4	3	3	3	50.00	37.50	37.50	37.50
Other external					0.00	0.00	0.00	0.00
<b>Total</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>30.77</b>	<b>23.08</b>	<b>23.08</b>	<b>23.08</b>

C.1.5 Indicate whether or not the company has diversity policies in relation to the board of directors of the company with regard to issues such as age, gender, disability, or professional training and experience. Small and medium-sized entities, in accordance with the definition contained in the Accounts Auditing Law, must provide information, at least, on the policy they have established in relation to gender diversity.

- Yes  
 No  
 Partial policies

If the answer is yes, describe these diversity policies, their objectives, the measures and the way in which they have been applied and their results in the financial year. The specific measures adopted by the board of directors and the appointments and remuneration committee to achieve a balanced and diverse mix of directors must also be indicated.

If the company does not apply a diversity policy, explain the reasons why it does not do so.

**Description of the policies, objectives, measures and manner in which they have been applied, as well as the results obtained**

The Policy for the Selection of Directors, approved by the Board of Directors on September 19, 2016, establishes that in the procedure for the selection of new Directors it should be ensured that the proposals for appointment or re-election promote diversity in the Council, so they should be oriented to a preferential incorporation of women into Council and of persons who, because of their nationality or experience, have an international professional projection, in accordance with the strategy of the Company. The Director appointment or re-election proposals should pursue the goal of having at least 30% of total Board places occupied by female directors by the year 2020.

In addition, the Rules and Regulations of the Organisation and Functioning of the Board of Directors of Enagás, S.A. establishes that the Board is responsible for evaluating the report submitted by the Appointments, Remuneration and Corporate Social Responsibility Committee, the quality and efficiency of the Board's operation, in addition to the diversity in its composition and competences.

In turn, in relation to the appointment of the Director, the rules establish that the Board of Directors must ensure that the procedures for selecting its members promote diversity of age, gender, disability, experience and knowledge, that do not suffer from implicit biases that entail any discrimination and, in particular, that facilitate the selection of female directors on the board to guarantee an even balance between men and women.

After the appointments agreed-upon at the 2019 General Shareholders' Meeting, most of the Board members are Independent Directors. Of its thirteen members, nine will be Independent Directors and with four of its board members being women, Enagás has already reached in 2019 the diversity target of at least 30% of its Board of Directors members being women by 2020. Moreover, female directors perform important functions within the Board: Ana Palacio Vallelersundi is Independent Leading Director and Chairwoman of the Appointments,

, Remuneration and Corporate Social Responsibility Committee, Ms Isabel Tocino Biscarolasaga is Chairwoman of the Audit and Compliance Committee, Ms Rosa Rodríguez Díaz is member of the Audit and Compliance Committee and Ms Patricia Urbez Sanz is member of the Appointments, Remuneration and Corporate Social Responsibility Committee.

Finally, during 2018, the Internal Audit Department conducted a review of the application of diversity and non-discrimination principles in the human management process, which confirmed that an appropriate internal control framework exists.

- C.1.6 Explain the measures taken, if applicable, by the appointments committee to ensure that the selection processes are not subject to implicit bias that would make it difficult to select female directors, and whether the company makes a conscious effort to search for female candidates who have the required profile to guarantee an even balance between men and women.

#### Explanation of measures

In order to select Directors, the Appointments, Remuneration and CSR Committee adheres to the provisions of the Director Selection Policy, approved by the Board of Directors at the request of this Committee on September 19, 2016. In application of this policy, the selection of a new Director takes into account at least the following criteria:

Suitable professional knowledge and experience; appointments are limited to persons of recognised prestige and who possess knowledge and experience suited to the exercise of their functions.

Requirements derived from the Hydrocarbons Sector Law: candidates must be able to satisfy the independence requirements demanded by Enagás' appointment as independent manager of the gas transmission network .

Requirements for Independent Directors: in addition to the previous criteria, which shall be applied to all Directors, regardless of their category, the persons selected in the category of Independent Directors must meet the requirements for independence under the provisions of the applicable law at all times, and the additional conditions for independence, as the case may be, stipulated in the company's internal regulations.

Commitment to fulfilling the duties and obligations of Directors: proposals for re-election of current members of the Board of Directors shall take into account the commitment demonstrated by the Directors during the year in which they held office, in fulfilling the duty of diligence and the duty of loyalty, and all the regulations to which, in their condition of Directors and, where applicable, as shareholders or high-ranking member of the company, they are subject under the Internal Code of Conduct in Matters Relating to Securities Markets, the Enagás Group Code of Ethics, the Code of Conduct of the Technical Manager of the Spanish Gas System and other laws or procedures derived from their application. Likewise, it will be judged whether their actions in the exercising of their office has been in good faith and in the best company's interest.

The Board of Directors shall ensure that the appointments encourage diversity within the Board, whereby they must focus on preferably incorporating women and people who due to their nationality or experience have an international professional profile, in accordance with the company's strategy. The Director appointment or re-election proposals have been focused on achieving the goal of having at least 30% of total Board places occupied by female directors in 2019.

Enagás Directors selection processes shall at all times take into account any other conditions, where applicable, determined by the company's Appointments, Remuneration and CSR Committee and the applicable laws.

In addition, for the presentation of the proposed candidates, the Appointments, Remuneration and CSR Committee receives support from executive recruitment and development firms of recognised prestige.

When, despite the measures taken, there are few or no female Directors, explain the reasons:

#### Explanation of reasons

Enagás is aware that it must continue to encourage and facilitate the presence of women in the event of any vacancy arising on the Board, particularly for Independent Directors. In this regard, Enagás complies with Article 8 of the Rules and Regulations of the Organisation and Functioning of the Board of Directors, which prescribes that selection procedures must be free of any implied bias against female candidates, and that the company shall seek out and include women with the target profile among the candidates for Board places.

At present, FOUR (4) of the THIRTEEN (13) members of the Board of Directors of Enagás are women: MS ROSA RODRÍGUEZ DÍAZ, MS ANA PALACIO VALLELERSUNDI, MS ISABEL TOCINO BISCAROLASAGA and MS PATRICIA URBEZ SANZ. Also, MS ROSA RODRÍGUEZ DÍAZ is a member of the Audit and Compliance Committee, MS PATRICIA URBEZ SANZ is a member of the Appointments, Remuneration and CSR Committee, MS ISABEL TOCINO BISCAROLASAGA chairs the Audit and Compliance Committee and MS ANA PALACIO VALLELERSUNDI is Independent Leading Director and chairs the Appointments, Remuneration and CSR Committee.

- C.1.7 Explain the Appointments Committee conclusions on the checks carried out to ensure that the director selection policy is being complied with. Particularly whether the policy pursues the goal of having at least 30% of total board places occupied by female directors before the year 2020.

Policy for the Selection of Directors, approved by the Board of Directors on September 19, 2016, establishes that the Board of Directors should ensure that the proposals for appointment or re-election of Directors promote diversity in the Board, so they should be oriented to a preferential incorporation of women into the Board and of persons who, because of their nationality or experience, have an international professional projection, in accordance with the strategy of the Company. The Director appointment or re-election proposals have been focused on achieving the goal of having at least 30% of total Board places occupied by female directors in 2019.

Enagás Directors selection processes shall at all times take into account any other conditions, where applicable, determined by the company's Appointments, Remuneration and CSR Committee and the applicable laws.

In addition, for the presentation of the proposed candidates, the Appointments, Remuneration and CSR Committee receives support from executive recruitment and development firms of recognised prestige.

The report by the Appointments, Remuneration and CSR Committee of February 22, 2019, justifying the proposed re- election of a Director for the 2019 General Shareholders' Meeting includes the following:

"After the proposed appointments, most of the Board members are Independent Directors. Of its thirteen members, eight will be Independent Directors. With four of its board members being women, Enagás has already reached in 2019 the diversity target of at least 30% of its Board of Directors members being women by 2020. Moreover, female directors perform important functions within the Board: Ms Ana Palacio Vallelersundi is Independent Leading Director and chairs the Appointments, Remuneration and Corporate Social Responsibility Committee, Ms Isabel Tocino Biscarolasaga chairs the Audit and Compliance Committee and Ms Rosa Rodríguez Díaz is a Member of the Audit and Compliance Committee."

As of the date of this report, of the 13 members of the Board of Directors, 4 are women, reaching a percentage of 30.77% of female presence on the Board as referred to in section C.1.4 of this report.

- C.1.8 Explain, if applicable, the reasons why proprietary directors have been appointed upon the request of shareholders who hold less than 3% of the share capital:

Name or corporate name of shareholder	Justification
No data	

Provide details of any rejections of formal requests for board representation from shareholders whose equity interest is equal to or greater than that of other shareholders who have successfully requested the appointment of Proprietary Directors. If so, explain why these requests have not been entertained:

- [ ] Yes  
[ v ] No

- C.1.9 Specify the powers and faculties delegated by the board of directors to board members or board committees, if any:

Name or corporate name of director or committee	Brief description
MARCELINO OREJA ARBURÚA	Pursuant to the resolution passed by the Board of Directors of Enagás, S.A. on March 22, 2018, MR MARCELINO OREJA ARBURÚA was delegated 34 joint and several powers and 13 joint powers. These powers are those which the Board of Directors considered had to be delegated to the Chief Executive Officer within statutory limits, in accordance with Article 43 of the company's Articles of Association and Article 19 of the Board Regulations.

Name or corporate name of director or committee	Brief description
	These powers delegated to the Chief Executive Officer, MR MARCELINO OREJA ARBURÚA, by the Enagás' Board of Directors, were granted in the public deed dated April 20, 2018 and executed before the Notary Public of Madrid Mr Francisco Calderón Alvarez as a replacement for his colleague, the Notary Mr Pedro de la Herrán Matorras, and for his files, with number 863 in his notarial archive and is recorded in Volume 33579, Book 0, File 69, Section 8; Sheet M-6113; Entry 827 of the Madrid Companies Registry. Further details on the powers delegated by the Board of Directors are provided in section H) "OTHER INFORMATION OF INTEREST". (EXPLANATORY NOTE ON SECTION C.1.9 of this Report).

C.1.10 List the board members, if any, who hold office as directors, representatives of directors or executives in other companies belonging to the listed company's group:

Name or corporate name of director	Corporate name of the group company	Position	Do they have executive duties?
MR MARCELINO OREJA ARBURÚA	COMPAÑIA TRANSPORTISTA DE GAS CANARIAS, S.A.	REPRESENTATIVE OF SOLE DIRECTOR	YES
MR MARCELINO OREJA ARBURÚA	ENAGAS EMPRENDE, S.L.U.	JOINT DIRECTOR	YES
MR MARCELINO OREJA ARBURÚA	ENAGAS SERVICES SOLUTIONS, S.L.U.	JOINT DIRECTOR	YES
MR MARCELINO OREJA ARBURÚA	ENAGÁS TRANSPORTE DEL NORTE, S.L.	CHAIRMAN	YES
MR ANTONIO LLARDÉN CARRATALÁ	ENAGÁS GTS, S.A.U.	REPRESENTATIVE OF SOLE DIRECTOR	YES
MR ANTONIO LLARDÉN CARRATALÁ	ENAGÁS TRANSPORTE, S.A.U.	REPRESENTATIVE OF SOLE DIRECTOR	YES
MR MARCELINO OREJA ARBURÚA	ENAGÁS RENOVABLE, S.L.U.	JOINT DIRECTOR	YES

C.1.11 List any company directors or representatives of legal entity directors, if any, who are also members of the boards of directors or representatives of legal entity directors of other non-group companies that are listed on official securities markets, insofar as these have been disclosed to the company:

Name or corporate name of director	Corporate name of the listed company	Position
MS ANA PALACIO VALLELERSUNDI	PHARMAMAR, S.A.	DIRECTOR



Name or corporate name of director	Corporate name of the listed company	Position
MS ISABEL TOCINO BISCAROLASAGA	ENCE ENERGÍA Y CELULOSA, S.A.	DIRECTOR

C.1.12 Indicate and, where appropriate, explain whether the company has established rules about the maximum number of company boards on which its Directors may sit and indicate where this is regulated, if applicable:

Yes  
 No

Explanation of the rules and identification of the document where it is regulated

Under Article 35 of the Articles of Association the following cannot be Directors or, if applicable, natural person representatives of a legal person Director:  
a) Natural or legal persons who hold the post of Director in more than five (5) companies whose shares are admitted to trading on national or foreign markets.  
b) Natural or legal persons whose circumstances render them incompatible or prohibited from serving on the board under any of the general provisions in law, including those persons who in any manner have interests that run contrary to those of the Company or its Group.

C.1.13 Indicate the amounts of the following items relating to the overall remuneration of the board of directors:

Remuneration accrued in the year by the board of directors (thousands of euros)	6,950
Cumulative amount of rights of current directors in pension scheme (thousands of euros)	3,460
Cumulative amount of rights of former directors in pension scheme (thousands of euros)	

C.1.14 List any members of senior management who are not Executive Directors and indicate total remuneration paid to them during the year:

Name or corporate name	Position/s
MR DIEGO ANTONIO VELA LLANES	Technical System General Manager
MS ROSA SANCHEZ BRAVO	Director of Internal Audit
MR CLAUDIO PEDRO RODRÍGUEZ SUÁREZ	Gas Assets General Manager
MR JESÚS LUIS SALDAÑA FERNÁNDEZ	Affiliates & Business Development General Manager
MR JUAN ANDRÉS DÍEZ DE ULZURRUN MORENO	Deputy General Manager
MR FRANCISCO BORJA GARCÍA-ALARCÓN ALTAMIRANO	Financial General Manager
MS FELISA MARTÍN VILLAN	Communication and Public Affairs General Manager
MR RAFAEL PIQUERAS BAUTISTA	General Secretary
MR JAVIER PERERA DE GREGORIO	Human & Corporate Resources General Manager

Name or corporate name	Position/s
MS MARÍA SICILIA SALVADORES	Strategy Director
Total remuneration received by senior management (thousands of euros)	
8,013	

C.1.15 Indicate whether any changes have been made to the board regulations during the year

- Yes  
 No

C.1.16 Indicate the procedures for selection, appointment, re-election and removal of directors. List the competent bodies and the processes and criteria to be followed for each of these procedures.

Pursuant to article 8 of the Rules and Regulations of the Organisation and Functioning of the Board of Directors of Enagás:

1.- Directors shall be appointed at the General Shareholders' Meeting or by the Board of Directors in conformity with the provisions of the Corporate Enterprises Act and the company's Articles of Association.

2.- Candidates must be persons who, in addition to satisfying the legal and statutory requirements of the post, have recognised prestige and appropriate professional knowledge and experience to perform their duties. The Appointments, Remuneration and Corporate Social Responsibility Committee is responsible for proposing the appointment of Independent Directors. The proposals for the appointment or re-election of Non-Independent Directors which the Board of Directors submits to the General Shareholders' Meeting, as well as appointments adopted by the Board by virtue of its powers of co-option, must be made subject to a report from the Appointments, Remuneration and Corporate Social Responsibility Committee. When the Board of Directors does not agree with the Committee's recommendations, it must explain its reasons and duly record them in the minutes. Proposals shall always be accompanied by a report from the Board justifying the competencies, experience and merits of the proposed candidate. This report shall be attached to the minutes of the General Meeting or of the Board. The foregoing will also be applicable to natural persons appointed as representatives of a legal person Director. The proposal for a natural-person representative must be submitted to the Appointments, Remuneration and Corporate Social Responsibility Committee.

3. The Board of Directors must ensure that the procedures for the selection of its members favour diversity in aspects relating to training and professional experience, age, gender or disability, and that they are not implicitly biased in such a way as to imply any kind of discrimination and, in particular, that they facilitate the selection of female directors in a number that makes it possible to achieve a balanced presence of women and men.

(Continues in section H) OTHER INFORMATION OF INTEREST.- EXPLANATORY NOTE ON SECTION C.1.16).

C.1.17 Explain, if applicable, to what extent the annual evaluation of the board has prompted significant changes in its internal organisation and the procedures applicable to its activities:

#### Description of amendments

The annual evaluation of the Board has consisted of a self-evaluation that has been carried out through questionnaires and interviews. Board members were asked 22 questions and one open question with the aim of offering the Director the opportunity to provide more direct and personal feedback.

The areas analysed in the Evaluation process were the following: i) membership and structure of the Board and its Committees, ii) operation of and debate by the Board and its Committees, iii) leadership and performance, iv) personal contribution and alignment of the Board, iv) overall assessment and v) free opinion.

The evaluation has resulted in a series of strengths and potential areas for improvement. The Directors considered very positively, among other issues, the membership and structure of the Board and Committees given Enagás' circumstances and considering that it usually faces the challenge of seeking greater diversity. They highlighted the level of debate and transparency, inviting members to express their opinion independently, and also indicated that the participation of the management team occurs naturally, helping in the training and subsequent debate of the directors. The directors also have a positive opinion of the training plans, in particular their convenience and programming. The majority of directors believe that the others get involved, participate and ultimately add value to the Board.

Possible areas for improvement include focusing the debate more on the company's new context, or pushing for new products, digitalisation, innovation, start-ups, (strategy), etc. The directors also noted how they are looking for greater agility in the planning of time spent during meetings, for the Audit Committee to strengthen its accounting and auditing knowledge and for the Appointments and Remuneration Committee to adopt a more balanced approach to sustainability.

The company takes into account every year the result of the evaluation of the Board in order to improve its internal functioning, deliberation and decision making.

Describe the evaluation process and the areas evaluated by the board of directors assisted, where applicable, by an external consultant, regarding the operation and membership of the board and its committees and any other area or aspect that has been subject to evaluation.

Description of the evaluation process and areas evaluated

The Board evaluation process began via a resolution by the Appointments, Remuneration and CSR Committee appointing Morrow Sodali as an independent expert, based on its renowned solvency and prestige among international investors, particularly those with shareholdings in Enagás.

Morrow Sodali sent a questionnaire to each Director and conducted interviews with several key Directors, who issued their opinions on a series of questions related to: composition and structure of the Board and its Committees, operation and debate by the Board and its Committees, leadership and performance, personal contribution and alignment of the Board, overall assessment and free opinion.

C.1.18 Explain, for those financial years in which the evaluation has been assisted by an external adviser, the business relationship that the adviser or any group company maintains with the company or any group company.

Enagás does not have any direct contractual relationship (nor has had it in recent years) with SODALI other than the independent evaluation of the Board. However, Enagás engages Santander Global Corporate Banking for a variety of services related to its General Shareholders' Meeting which, in turn, includes certain services that this firm contracts with SODALI regarding advisory on the relations with international investors and proxy advisers.

C.1.19 Indicate the cases in which Directors must resign.

In accordance with the Good Governance recommendations, Articles 12.2 and 12.4 of the Rules and Regulations of the Organisation and Functioning of the Board of Directors of Enagás stipulate that:

12.2.- Directors must place their offices at the Board of Directors' disposal, and tender their resignation, if the Board deems fit, in the following cases:

- a) When they are affected by instances of incompatibility or prohibitions laid down in Law, the Articles of Association, and in these Regulations.
  - b) When they are in serious breach of their obligations as Directors.
  - c) When they may put the interests of the company at risk or damage its credibility and reputation. Once a Director is indicted or tried for any of the crimes stated in Article 213 of the Corporate Enterprises Act, the Board shall examine the matter and, in view of the particular circumstances, decide whether or not the Director shall be called on to resign.
  - d) When the reason for which they were appointed as Directors no longer exists.
  - e) When Independent Directors cease to meet the conditions required under Article 9.
  - f) When the shareholder represented by a Proprietary Director sells its entire interest. They shall also do so, in the appropriate number, when that shareholder reduces its stake to a level requiring a reduction in the number of its Proprietary Directors.
- Should the Board of Directors not deem it advisable to have a Director tender their resignation in the cases specified under d), e) and f), the Director must be included in the category that, in accordance with these Rules and Regulations, is most appropriate based on their new circumstances.

When a Director gives up his place before his tenure expires, through resignation or otherwise, they shall state their reasons in a letter to be sent to all members of the Board of Directors. Irrespective of whether such resignation is filed as a significant event, the motive for the same must be explained in the Annual Corporate Governance Report.

12.4 - After a Director has been removed from their post, they may not work for a competitor company for a period of two years, unless the Board of Directors exempts them from this obligation or shortens its duration.

C.1.20 Are qualified majorities other than those prescribed by law required for any type of decision?:

- Yes
- No

If applicable, describe the differences.

C.1.21 Indicate whether there are any specific requirements other than those relating to the Directors, to be appointed chairman of the board of directors:

- Yes  
 No

C.1.22 Indicate whether the articles of association or the board regulations set any age limit for directors.

- Yes  
 No

C.1.23 Indicate whether the articles of association or the board regulations set a limited term of office or other stricter requirements for independent directors different to the one established in the regulations:

- Yes  
 No

Additional requirements and / or maximum number of years in office

12

C.1.24 Indicate whether the articles of association or board regulations stipulate specific rules on appointing a proxy to the board of directors, the procedures thereof and, in particular, the maximum number of proxy appointments a director may hold. Also indicate whether there are any restrictions as to what categories may be appointed as a proxy other than those stipulated by law. If so, give brief details.

According to Article 39 of the Consolidated Text of the Articles of Association, the Board of Directors shall be validly constituted when one half of the membership plus one member are in attendance or represented at it. The Directors must attend the meetings of the Board in person. Without prejudice to the foregoing, Directors may grant a proxy to another Director. Non-Executive Directors may only grant a proxy to other Non-Executive Director. In addition, according to Article 7.3 of the Rules and Regulations of the Organisation and Functioning of the Board of Directors, Directors must attend the meetings in person. Without prejudice to the foregoing, Directors must grant a proxy to another Director. Non-Executive Directors may only grant a proxy to other Non-Executive Director. Proxies for the representation of absent Directors may be granted by any means, with a telegram, facsimile or email addressed to the Chairman or Secretary of the Board being valid.

C.1.25 Indicate the number of board of directors meetings held during the year. Indicate, where appropriate, how many times the board has met without the chairman's attendance. Attendance will also include proxies appointed with specific instructions.

Number of Board meetings	13
Number of board meetings held without the chairman's attendance	0

Indicate the number of meetings held by the leading director with the rest of the directors, without the assistance or representation of any executive director:

Number of meetings	2
--------------------	---

Indicate the number of meetings of the various board committees held during the year:

Number of meetings of the AUDIT AND COMPLIANCE COMMITTEE	8
Number of meetings of the APPOINTMENTS, REMUNERATION AND CORPORATE SOCIAL RESPONSIBILITY COMMITTEE	15

C.1.26 Indicate the number of board meetings held during the year and details of members in attendance:

Number of meetings with physical attendance of at least 80% of board members	13
% of physical attendance as a total of the votes cast during the year	100.00
Number of meetings with physical attendance or proxies appointed with specific instructions from all the directors	13
% of votes cast with physical attendance and representations with specific instructions out of total votes during the year	100.00

C.1.27 Indicate whether the consolidated and individual annual accounts submitted for authorisation for issue by the board are certified previously:

- Yes  
 No

Identify, where applicable, the person(s) who certified the company's individual and consolidated annual accounts prior for their authorisation for issue by the board:

Name	Position
MR FRANCISCO BORJA GARCÍA- ALARCÓN ALTAMIRANO	FINANCIAL GENERAL MANAGER
MR ANTONIO LLARDÉN CARRATALÁ	CHAIRMAN

**C.1.28 Explain the mechanisms, if any, established by the board of directors to prevent the individual and consolidated financial statements it prepares from being laid before the General Shareholders' Meeting with a qualified Audit Report.**

The Board of Directors shall see to it that the Annual Accounts and the Management Report provide a true and fair view of the Company's equity, financial position and results of operations, in accordance with the law.

The Board of Directors shall ensure that the Annual Accounts are presented in such a way that there are no grounds for qualifications by the company's Accounts Auditor, by taking into account all comments or recommendations that the Audit and Compliance Committee may have made previously in its report.

As a committee delegated by the Board, the Audit and Compliance Committee is assigned certain competences that are effective mechanisms to prevent that the Annual Accounts compiled are presented to the General Shareholders' Meeting with qualifications in the audit report, according to Article 8 of its Regulations:

- Overseeing the preparation and presentation of financial information on the Company and its Group, and checking compliance with regulatory requirements, the due definition of the consolidation scope and correct application of accounting principles, and, especially, to understand and monitor the efficiency of the Internal Control over Financial Reporting system (ICFR).
- Examining the information on activities and results of the Company which is prepared and published periodically in accordance with the prevailing regulations relating to the securities markets, seeking to ensure transparency and exactness in the information.
- Reporting to the Board of Directors on recommendations or comments it deems necessary on the application of accounting criteria, internal control systems and any other relevant matter, and in particular, to present recommendations or proposals to the Board of Directors aimed at safeguarding the integrity of the financial information.
- Informing the Board of Directors on the Annual Accounts prior to their preparation, as well as on financial information which the Company must periodically disclose publicly.
- Ensure that the Board of Directors can present the accounts to the General Shareholders Meeting without limitations or qualifications in the auditor's report. In the exceptional case that qualifications exist, both the Chairman of the Committee and the auditors should give a clear account to shareholders of their scope and content.
- The Board of Directors must explain properly any departure from the Audit and Compliance Committee's prior Report in the Annual Accounts finally authorised for issue.
- Assessing any proposals made by senior managers regarding changes in accounting practices.

During the financial year, the Audit and Compliance Committee shall meet quarterly with the auditor in order to obtain their conclusions regarding the quarterly revision prior to the publication of results. Likewise, the Interim Condensed Consolidated Financial Statements are subject to a limited revision by the Accounts Auditor with the issuance of the corresponding report.

The competences of the Audit and Compliance Committee are designed to minimise the impact of any accounting aspect that becomes evident throughout the financial year, and allows the members of the Board of Directors and the Audit and Compliance Committee to be kept up to date on the most relevant aspects of the audit throughout the year.

**C.1.29 Is the secretary of the board also a director?**

- Yes  
 No

Complete if the Secretary is not also a Director:

Name or corporate name of the secretary	Representative
MR RAFAEL PIQUERAS BAUTISTA	

**C.1.30 Indicate the specific mechanisms established by the company to safeguard the independence of the external auditors, as well as any mechanisms to safeguard the independence of financial analysts, investment banks and rating agencies, including how the legal provisions have been implemented in practice.**

The Enagás Code of Ethics serves as a code of conduct for all employees in their professional activities and in relation to all the company's stakeholders. Enagás has the necessary procedures to ensure due diligence in the issues related to this area, as well as an Ethical Compliance Committee, which is a collegiate body to which the Audit and Control Committee delegates management of the notifications and consultations concerning this matter.

Compliance with the Code of Ethics is mandatory for all employees, managers and directors of Enagás, as well as its suppliers, contractors and collaborators or business partners in their respective areas of relationship with the Company. Affiliates have an ethics and compliance model that is appropriate for the environment they operate in.

The Enagás Audit and Compliance Committee, in accordance with the provisions of Article 8 of its Regulations, shall safeguard the independence of the External Auditor; for this purpose, it will perform the following functions:

- Regularly gather information from the external auditors on the auditing plan and its implementation, in addition to preserving their independence in the exercise of their duties.

b) Liaise with the external auditors to obtain information on any issues that could compromise the latter's independence. Specifically, the discrepancies that may arise between the auditor of accounts and Company management, for review by the Committee, and any other discrepancies relating to the audit process, as well as the possible safeguard measures to be adopted, discussing the significant weaknesses detected in internal control with the auditor of accounts, and never jeopardising the independence of the audit, concluding on the level of confidence and reliability of the system.

c) Receive those other communications provided for in audit legislation and audit standards.

d) Proceed with the authorisation of services other than those prohibited, in accordance with prevailing regulations.

e) Ensure that the Company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and, in general, other requirements concerning auditor independence.

f) Ensure that the fees of the external auditor do not threaten their quality and independence, and are not based on any form of contingency, as well as establish an indicative limit on the fees that the auditor may receive annually for non-audit services.

g) In the event of resignation of the accounts auditor, the Committee should investigate the issues giving rise to the resignation.

h) Receiving the annual statement from the external auditors on their independence with respect to the Enagás Group (included in the delivery of the supplementary report) or entities directly or indirectly related to it, in addition to detailed and individual information on additional services of any kind rendered to these entities by the external auditor or by persons or entities related to it, in conformity with audit regulations.

i) Issuing an annual report, prior to the issue of the audit report, giving an opinion on whether the independence of the auditors is compromised. This report shall include in all cases a reasoned assessment of each additional service rendered, as referred to in the previous section, that could compromise the independence of the accounts auditor, considered separately and in their totality, other than statutory audits and how they relate to the requirement of independence or to the audit regulations and shall be published on the website of the Company sufficiently in advance of the date of the Ordinary General Shareholders' Meeting.

j) Establishing a maximum term of auditor engagement, ensuring a gradual rotation with the main audit partners. Likewise, the Internal Audit Code of Ethics includes the principles and rules of conduct relevant to the profession and practice of internal audit; they are mandatory for internal auditors and for those professionals performing internal audit, consulting and/or services, consulting and/or advisory services (outsourcing) to the Internal Audit function, through the annual signing of a declaration confirming that they have read, understand and comply with the Code.

During 2019 the Committee reviewed and approved all the services provided by the external auditor, to check that they complied with the requirements established in the Regulations of the Audit and Compliance Committee and the Accounts Auditing Law 22/2015.

With regard to the mechanisms introduced to preserve the independence of financial analysts, investment banks and ratings agencies, we should mention that Enagás regulates the framework for its relations with shareholders, analysts, investors and proxy advisors through its Communication Policy and contacts with shareholders, institutional investors and proxy advisors of Enagás. Specifically, this policy is based on the principles of good governance and corporate values such as: information transparency, continuity, accessibility and immediacy, promoting the trust of shareholders, protecting their rights and promoting their participation, equal treatment and non-discrimination and compliance with prevailing legislation, etc.

In line with Enagás' Corporate Governance System, the Board of Directors has put in place systems allowing for regular information exchange with shareholders on topics such as investment strategy, assessment of performance figures, the composition of the Board of Directors and management efficiency. Under no circumstances can this information create situations of privilege or attribute special advantages with regard to the other shareholders. In addition, within the scope of its activities the Finance Department provides investment banks with the information they need.

To this end, Enagás has an Investor Relations Area, to permanently deal with enquiries or suggestions from analysts and institutional investors, professionals or qualified persons, rating agencies, bondholders, as well as those from socially responsible investors (SRI), by providing a telephone number and email address for this purpose. Shareholders, investors and analysts can avail themselves of full and updated information via the following channels: the Investor Relations Department and the Shareholder Information Office.

As stipulated in Article 5 of the Rules and Regulations of the Organisation and Functioning of the Board of Directors of Enagás, the Board shall adopt and execute all acts and measures required to ensure transparency of the company with regard to the financial markets, uphold the proper formation of prices for the company's and its subsidiaries' shares, and perform all functions attending the company's status as a listed company pursuant to current laws and regulations.

Finally, Article 8 of the Regulations of the Audit and Compliance Committee of Enagás, establishes that this Committee is responsible for assessing compliance with the Internal Code of Conduct in matters relating to securities markets, the company's governance regulations in general, and making the proposals necessary for their improvement. In fulfilling this duty, the Audit and Compliance Committee liaises with the Appointments, Remuneration and Corporate Social Responsibility in considering company Directors' and managers' compliance with the Code.

It also assists with drafting the Annual Corporate Governance Report, especially in areas concerning transparency of information and conflicts of interests.

C.1.31 Indicate whether the company has changed its external audit firm during the year. If so, identify the incoming audit firm and the outgoing auditor:

Yes  
 No

Explain any disagreements with the outgoing auditor and the reasons for the same:

- Yes  
 No

C.1.32 Indicate whether the audit firm performs non-audit work for the company and/or its group. If so, state the amount of fees paid for such work and the percentage they represent of all fees invoiced to the company and/or its group:

- Yes  
 No

	Company	Group companies	Total
Amount of non-audit work (thousands of euros)	353	0	353
Amount of non-audit work / Amount of audit work (%)	34.00	0.00	23.00

C.1.33 Indicate whether the audit report on the previous year's annual accounts is qualified or includes reservations. If applicable, indicate the reasons given to the shareholders in the General Meeting by the Chairman of the Audit Committee to explain the content and scope of those reservations or qualifications.

- Yes  
 No

C.1.34 Indicate the number of financial years during which the current audit firm has been auditing the individual and/or consolidated annual accounts of the company and/or its group without interruption. Likewise, indicate for how many years the current firm has been auditing the annual accounts as a percentage of the total number of years over which the annual accounts have been audited:

	Individual	Consolidated
Number of consecutive years	4	4

	Individual	Consolidated
No. of years audited by current audit firm / No. of years the company or its group have been audited (%)	9.00	9.00

C.1.35 Indicate whether there are procedures for directors to receive the information they need in sufficient time to prepare for meetings of the governing bodies.

- Yes  
 No



Details of procedure

Article 6 of the Rules and Regulations of the Organisation and Functioning of the Board of Directors establishes that:

1.- The Board of Directors shall meet at least once every two months and, in any case eight times a year, and on the motion of the Chairman, whenever the Chairman deems it fit for the proper running of the Company. A call must be issued when so requested by a majority of the Directors, as set forth in Article 39 of the Articles of Association.

Directors who represent at least one third of the members of the Board of Directors may call the meeting, stating its agenda, to be held in the locality where the registered office is located, if they have requested the Chairman to convene the meeting, and the meeting has not been called within one month without reasonable cause.

Except in cases of where the Board is constituted or convened exceptionally on account of urgent circumstances, the Directors must have the necessary information at their disposal sufficiently in advance to be able to deliberate and adopt resolutions on the business to be transacted. To this end, the Agenda of the meetings shall clearly indicate those points on which the Board of Directors must take a decision or resolution. The Chairman of the Board of Directors, in collaboration with the Secretary, must ensure that this obligation to provide information is fulfilled.

In those cases in which, exceptionally, for reasons of urgency, the Chairman wishes to submit to the approval of the Board decisions or resolutions not appearing in the Agenda, this shall require the express prior consent of the majority of the Directors present at the meeting, which will be duly recorded in the minutes.

Ordinary meetings of the Board shall transact general business relating to the Group's performance, earnings, balance sheet, investments, the company's cash position and how it compares to the adopted budget, the business referred to in Article 5, if applicable, and the business listed on the agenda, to be drawn up pursuant to these Board Regulations.

At these regular meetings the Board shall receive timely information about the movements of the shareholders and of the opinion that significant shareholders, investors and rating agencies have on the Company and its Group. Similarly, the Board of Directors shall receive timely information on the main operational achievements and difficulties and any foreseeable circumstances which may prove critical for the company's affairs, and shall consider the course of action proposed by company management in response.

2.- Notices convening ordinary sessions shall be issued by the Chairman or the Secretary, or by the Vice Chairman on order of the Chairman, may be effected by any channel, and shall specify the meeting venue and agenda. The Chairman shall call the Board to meet when so requested by the Independent Leading Director in accordance with Article 18 of these Board Regulations.

The notice of meeting, which other than in exceptional circumstances shall be issued at least three days in advance of the intended date of the meeting, shall contain all information and documents thought appropriate or relevant for Directors to be properly informed. Directors shall further be furnished with the minutes of the previous meeting, whether or not such minutes have been adopted. The power to set the agenda of a meeting rests with the Chairman, but any Director may request in advance of the calling of such meeting that there be added to the agenda any items which in their view ought to be addressed by the Board.

The Board shall be properly constituted without need of prior notice if, all Directors being present in person or by proxy, the Directors unanimously consent to the holding of the meeting.

3. The meetings of the Board of Directors shall normally be held at the registered office, but may also be held in any other place determined by the Chairman and indicated in the notice of meeting, and by any means determined by the Chairman in accordance with the provisions of Article 39 of the Company's Articles of Association.

C.1.36 Indicate and, where appropriate, give details of whether the Company has established rules obliging directors to inform the board of any circumstances that might harm the Organisation's name or reputation, tendering their resignation as the case may be:

Yes

No

Detail the rules

Pursuant to Good Governance recommendations, Article 12 of the Regulations of the Organisation and Functioning of the Board of Directors establishes that Directors must place their offices at the Board of Directors' disposal, and tender their resignation, if the Board deems fit, when, inter alia, they may put the interests of the Company at risk or damage its credibility and reputation. If a Director is indicted or tried for any of the crimes stated in Article 213 of the Corporate Enterprises Act, the Board shall examine the matter as promptly as possible and, in view of the particular circumstances, decide whether or not the Director shall be called on to resign.

When a Director gives up his place before his tenure expires, through resignation or otherwise, they shall state their reasons in a letter to be sent to all members of the Board of Directors. Irrespective of whether such resignation is filed as a significant event, the motive for the same must be explained in the Annual Corporate Governance Report.

C.1.37 Indicate whether any member of the board of directors has notified the company that they have been indicted or tried for any of the offences stated in Article 213 of the Corporate Enterprises Act:

[ ] Yes  
[ v ] No

C.1.38 List the significant agreements entered into by the company which come into force, are amended or terminate in the event of a change of control of the company due to a takeover bid, and their effects.

Enagás does not have such significant agreements.

C.1.39 Identify, individually when referring to directors, and in aggregate form in other cases and provide detailed information on agreements between the company and its directors, executives and employees containing indemnity or golden parachute clauses in the event of resignation or dismissal or termination of employment without cause following a takeover bid or any other type of operation.

Number of beneficiaries	11
Type of beneficiary	Description of the agreement
Executive Chairman, Chief Executive Officer and Senior Management Executive Chairman, Chief Executive Officer and Senior Management	The company has an agreement with the Executive Chairman, the Chief Executive Officer and NINE (9) of its executives that include express severance pay clauses. The clauses in each case are applicable in cases of company termination of the contract, unfair disciplinary dismissal, dismissal for the reasons outlined under Article 52 of the Workers' Statute or as decided by the director citing one of the reasons outlined under Article 50 of the Workers' Statute provided the resolution is certified by means of conciliation between the parties, court judgement, arbitration award, or resolution by a competent administrative body. They are not applicable if the resolution is the result of a unilateral decision made by the Director without just cause. The termination benefits to which the Executive Chairman and Chief Executive Officer are entitled are equivalent to two years of their fixed and variable remuneration. The termination benefits to which the NINE (9) Directors are entitled depend on their length of service at the company and their age. All such contracts have been approved by the Board of Directors.

Indicate whether, other than in the cases provided for in law, these agreements must be reported to and/or authorised by the governing bodies of the company or its group. If they must, specify the procedures, assumptions provided and the nature of the bodies responsible for their approval or making the communication:

	Board of Directors	General Shareholders' Meeting
Body authorising clauses	√	

	Yes	No
Is the General Shareholders' Meeting informed of such clauses?	√	

**C.2. Board committees**

C.2.1 Give details of all the board committees, their members and the proportion of proprietary directors, independent directors and other external:

AUDIT AND COMPLIANCE COMMITTEE		
Name	Position	Category
MR LUIS GARCÍA DEL RÍO	MEMBER	Independent
MS ISABEL TOCINO BISCAROLASAGA	CHAIRWOMAN	Independent
MR MARTÍ PARELLADA SABATA	MEMBER	Other External
MS ROSA RODRÍGUEZ DÍAZ	MEMBER	Independent
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	MEMBER	Proprietary

% of executive directors	0.00
% of proprietary directors	20.00
% of independent directors	60.00
% of other external directors	20.00

Explain the functions, including, where appropriate, those additional to those legally provided, assigned to this body, and describe the procedures and rules of organisation and operation thereof. For each of these roles, indicate the most important actions during the year and how they have exercised in practice each of the functions attributed to them, whether in the law or in the articles of association or other corporate agreements.

The Audit and Compliance Committee is governed by applicable legislation, the Consolidated Text of the Articles of Association and the Rules and Regulations of the Organisation and Functioning of the Board of Directors, the latest amendment of which was approved by the Board of Directors on December 16, 2019, and the Regulations of the Audit and Compliance Committee, the latest amendment of which was approved by the Board of Directors on December 16, 2019.

This Committee comprises five (5) members, which is within the limits established in Article 44 of the Consolidated Text of the Articles of Association, Article 26 of the Board Regulations, and Article 3 of the Audit and Compliance Committee Regulations, which set a minimum of three (3) and maximum of five (5) members, appointed by the Board of Directors based, in particular, on their knowledge and experience on accounting, auditing and risk management. Overall, the members of the Audit and Compliance Committee shall have the pertinent technical knowledge of the gas industry.

No Executive Director may sit on the Audit and Compliance Committee and the majority of its members must be independent. Three (3) of the Committee's members are independent and we highlight that the President of the Committee, MS ISABEL TOCINO BISCAROLASAGA, is independent and only one (1) member, SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI) is a Proprietary Director. MR MARTÍ PARELLADA SABATA, External Director, was appointed by the Board of Directors of Enagás based on his knowledge and experience on accounting, auditing or both, as provided for in Articles 44 of the Consolidated Text of the Articles of Association and 26 of the Rules and Regulations for the Organisation and Functioning of the Board of Directors.

According to Article 4 of the Audit and Compliance Committee Regulations, the Committee Chairperson shall be selected from among the Independent Directors by the Board of Directors, and shall not have a casting vote.

As established in Article 5 of the Committee Regulations, the term of a Committee member shall be the same as the term of office for a Director. A member of the Audit and Compliance Committee shall vacate that office if he loses his status as Director of the Company or if so decided by the Board of Directors. The foregoing notwithstanding the Committee Chairperson shall be replaced every four (4) years. A former Chairperson may be re-elected after the lapse of one year from his vacating office. The foregoing shall be without prejudice to an outgoing Chairperson remaining on the Committee if so resolved by the Board of Directors on adequately reasoned grounds.

The remuneration of Committee members, as provided for in Article 6 of the Committee Regulations, will be approved as established in the Articles of Association and the Board Regulations for the setting of remuneration to Directors, subject to the same requirements of public disclosure.

In the exercise of his office, a member of this Committee shall, according to Article 7 of the Committee regulations, be under the same duties and subject to the same principles of action as those prescribed for Directors in the Articles of Association, the Board Regulations and current legislation.

In keeping with Article 9 of the Committee Regulations, this Committee must meet at least four (4) times a year and the Chairperson shall call as many further meetings as they believe are required for the Committee to discharge its duties. In 2019, this Committee met 8 (eight) times. Each Committee meeting shall be reported at the first subsequent meeting of the Board in full. Any company employee or executive of the Company deemed relevant may be called to attend the Committee meetings, even ordering their appearance without the presence of another executive. In addition, according to Article 13, a copy of the minutes of Committee proceedings shall be sent to every Director.

The chief purposes of the Committee, according to Article 8, are to see to the proper operation of internal control, internal audit, risk management systems and the process of preparing and presenting the mandatory financial information, to formulate proposals for selecting, appointing, re-electing and replacing the external auditor, as well as to ensure their independence, to safeguard the transparency of information and to ensure compliance with the internal Code of Conduct and the legislation in force, and to report to the General Meeting in the area of their competence.

To achieve these objectives, the Audit and Compliance Committee, in addition to the functions established by law for this Committee, shall carry out those detailed in Appendix I (Explanatory notes) to this Report.

Identify the directors who are members of the audit committee who have been appointed on the basis of their knowledge and experience of accounting or auditing, or both and state the date of the appointment of the chairperson of this committee to that role.

Names of directors with experience	MR MARTÍ PARELLADA SABATA
Date of the appointment of the chairperson to that role	19/06/2017

**APPOINTMENTS, REMUNERATION AND CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

Name	Position	Category
MS ANA PALACIO VALLELERSUNDI	CHAIRWOMAN	Independent
MR GONZALO SOLANA GONZÁLEZ	MEMBER	Independent
MR ANTONIO HERNÁNDEZ MANCHA	MEMBER	Independent
MR SANTIAGO FERRER COSTA	MEMBER	Proprietary
MR IGNACIO GRANGEL VICENTE	MEMBER	Independent
MS PATRICIA URBEZ SANZ	MEMBER	Independent

% of executive directors	0.00
% of proprietary directors	16.67
% of independent directors	83.33
% of other external directors	0.00

Explain the functions, including, where appropriate, those additional to those legally provided, assigned to this body, and describe the procedures and rules of organisation and operation thereof. For each of these roles, indicate the most important actions during the year and how they have exercised in practice each of the functions attributed to them, whether in the law or in the articles of association or other corporate agreements.

The Appointments, Remuneration and Corporate Social Responsibility Committee is governed by applicable legislation, the Consolidated Text of the Articles of Association and the Rules and Regulations of the Organisation and Functioning of the Board of Directors, the latest amendment of which was approved by the Board of Directors on December 16, 2019, and the Regulations of the Appointments, Remuneration and Corporate Social Responsibility Committee, the latest amendment of which was approved by the Board of Directors on December 16, 2019.

The Appointments, Remunerations and Corporate Social Responsibility Committee is composed of six (6) Directors, appointed by the Board of Directors, which is within the limits established in Article 45 of the Consolidated Text of the Articles of Associations, Article 25 of the Rules and Regulations of the Organisation and Functioning of the Board of Directors and Article 3 of the Regulations of the Appointments, Remuneration and Corporate Social Responsibility Committee, which set a minimum of three (3) and a maximum of six (6) Directors. It consists of six (6) Directors, of which five (5) are Independent Directors, including the Chairwoman, one (1) is a Proprietary Director.

Article 3 of the Regulations of the Appointments, Remuneration and Corporate Social Responsibility Committee sets out that Directors who are members of this Committee shall be appointed by the Board of Directors, ensuring that they have knowledge and experience in areas such as human resources, selection of Directors and Executives, design of remuneration policies and plans, corporate governance and corporate social responsibility and sustainability.

The Appointments, Remuneration and Corporate Social Responsibility Committee must comprise a majority of independent directors and Executive Directors cannot sit on this committee. In addition, gender diversity and other diversity criteria of its members must be encouraged.

As set out in Article 4 of the Regulations of the Appointments, Remuneration and Corporate Social Responsibility Committee, the Board of Directors shall elect the Chairman of the Committee from among the Independent Directors of the Committee. The Chairman shall not have a casting vote.

As established in Article 5 of the Regulations of the Appointments, Remuneration and Corporate Social Responsibility Committee, the term of a Committee member shall be the same as the term of office for a Director. Members of the Appointments, Remuneration and Corporate Social Responsibility Committee shall vacate that office if they lose their status as Director of the Company or if so decided by the Board of Directors.

The remuneration of Committee members, as provided for in Article 6 of the Committee Regulations, will be approved as established in the Articles of Association and the Board Regulations for the setting of remuneration to Directors, subject to the same requirements of public disclosure.

In the exercise of their office, a member of this Committee shall, according to Article 7 of the Committee regulations, be under the same duties and subject to the same principles of action as those prescribed for Directors in the Articles of Association, the Board Regulations and current legislation.

Pursuant to Article 9 of the Regulations of the Appointments, Remuneration and Corporate Social Responsibility Committee, the Appointments, Remuneration and Corporate Social Responsibility Committee must meet at least four (4) times a year. In 2019, the Enagás Committee met fifteen (15) times.

In addition, meetings shall be called by its Chairperson. The Committee may seek advice both internally and externally and request the attendance of senior management personnel of the Company and its Group, as deemed necessary in the execution of its duties. Each Committee meeting shall be reported at the first subsequent meeting of the full Board, and a copy of the minutes of the Committee proceedings shall be sent to every Director.

Pursuant to Article 8 of its Regulations, the basic objectives of the Committee are to select Directors, Senior Management and positions on the Board of Directors, to ensure the appropriate composition of the Board, to examine and organise the succession of the Chairman of the Board and the Chief Executive Officer, to evaluate the Board and its Committees, to propose and monitor the remuneration policy, the contractual conditions of the Directors and senior management and to ensure the application of good practices in the area of corporate social responsibility and good corporate governance.

The duties of the Appointments, Remuneration and Corporate Social Responsibility Committee are set out in Article 45 of the Consolidated Text of the Articles of Association and expanded in Article 25 of the Rules and Regulations of the Organisation and Functioning of the Board of Directors and Article 8 of the Regulations of the Appointments, Remuneration and Corporate Social Responsibility Committee. For more information see Appendix I ("Explanatory notes") to this Report.

C.2.2 Complete the following table on the number of female directors on the various board committees at the closure of the past four years:

	Number of female Directors							
	2019		2018		2017		2016	
	Number	%	Number	%	Number	%	Number	%
AUDIT AND COMPLIANCE COMMITTEE	2	40.00	2	40.00	2	40.00	1	20.00
APPOINTMENTS, REMUNERATION AND CORPORATE SOCIAL RESPONSIBILITY COMMITTEE	2	33.33	1	16.67	1	16.67	2	33.33

C.2.3 Indicate, as appropriate, whether there are any regulations governing the Board Committees. If so, indicate where they can be consulted, and whether any amendments have been made during the year. In addition, indicate whether on a voluntary basis any of the board committees has produced an activity report.

The Regulations of the Audit and Compliance Committee are available for consultation at the registered office of Enagás and on its website at [www.enagas.es](http://www.enagas.es) or [www.enagas.com](http://www.enagas.com). The latest modification to the aforementioned regulations was approved by the Board of Directors of Enagás, S.A. at its meeting on December 16, 2019 in order to adapt it to Technical Guide 3/2017 on Audit Committees at public-interest entities and the recommendations of the Good Governance Code. The Appointments, Remuneration and CSR Committee prepared a report on the Audit and Compliance Committee's activities in 2019, which will be published on the website sufficiently in advance of the General Shareholders' Meeting and is included in this Report in Appendix II.

The Regulations of the Appointments, Remuneration and Corporate Social Responsibility Committee are available for consultation at the registered office of Enagás and on its website at [www.enagas.es](http://www.enagas.es) or [www.enagas.com](http://www.enagas.com). The Regulations were approved by the Board of Directors of Enagás, S.A. at its meeting on December 16, 2019. The Appointments, Remuneration and Corporate Responsibility Committee prepared a report on the activities of the Appointments, Remuneration and Corporate Responsibility Committee in 2019, which will be published on the website sufficiently in advance of the General Shareholders' Meeting.

**D. RELATED-PARTY AND INTRAGROUP TRANSACTIONS**

**D.1. Explain, if applicable, the procedures and authorized bodies for approving related party or intragroup transactions.**

Pursuant to Article 14 bis of the Rules and Regulations of the Organisation and Functioning of the Board of Directors of Enagás S.A.:

1.- It will be the responsibility of the Board of Directors to identify and approve, pursuant to a report from the Audit and Compliance Committee, transactions carried out by the Company or the companies in its Group with Directors under the terms set forth in Articles 229 and 230 of the Corporate Enterprises Act, or with shareholders who, individually or in conjunction with others, hold a significant stake, including shareholders represented on the Company's Board of Directors or the boards of other companies belonging to the Group or with persons associated with them. The affected Directors or those who represent or are related to the affected shareholders must refrain from participating in deliberating and voting on the resolution in question. The aforementioned transactions shall be assessed from the point of view of equal treatment and on an arm's length basis, and shall be disclosed in the annual corporate governance report and in the company's regular public reporting as provided in applicable laws and regulations.

2.- The approval provided in the previous paragraph shall not be required, however, for transactions that simultaneously comply with the following three conditions:

(a) that are governed by standard form contracts applied on an across-the-board basis to a large number of customers; (b) they go through at market prices, generally set by the person supplying the goods or services; and (c) their amount does not exceed 1% of the Company's annual revenue.

3.- If the conditions provided in the paragraph above are met, the affected parties shall not be under a duty to report said transactions.

4.- In the event of duly documented urgent reasons, related party transactions may be authorised, as applicable, by delegated bodies and persons, who must be ratified at the first meeting of the Board of Directors held after the decision is adopted.

**D.2. List any relevant transactions, by virtue of their amount or importance, between the company or its group of companies and the company's significant shareholders:**

Name or corporate name of significant shareholder	Name or corporate name of the company or its Group company	Nature of the relationship	Type of transaction	Amount (in thousands of euros):
BANK OF AMERICA CORPORATION	ENAGÁS, SA.	Corporate	Dividends and other benefits paid	13,442
BLACKROCK INC	ENAGÁS, S.A.	Corporate	Dividends and other benefits paid	12,587
STATE STREET CORPORATION	ENAGÁS, S.A.	Corporate	Dividends and other benefits paid	11,187
NORGES BANK	ENAGÁS, S.A.	Corporate	Dividends and other benefits paid	10,741

D.3. List any relevant transactions, by virtue of their amount or importance, between the company or its group of companies and the company's managers or directors:

Name or corporate name of manager or director	Name or corporate name of related party	Relationship	Type of transaction	Amount (in thousands of euros):
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI)	ENAGÁS, S.A.	Director	Dividends and other benefits paid	18,597

D.4. List any relevant transactions undertaken by the company with other companies in its group that are not eliminated in the process of drawing up the consolidated financial statements and whose subject matter and terms set them apart from the company's ordinary trading activities.

In any case, list any intragroup transactions carried out with entities in countries or territories considered to be tax havens:

Corporate name of the group entity	Brief description of the transaction	Amount (in thousands of euros):
Gasoducto de Morelos, S.A.P.I de C.V.	Financial revenue on the loan.	1,376
Estación de Compresión Soto de la Marina, S.A.P.I. de C.V.	Financial revenue on the loan.	2,559
TRANS ADRIATIC PIPELINE AG	Financial revenue on the loan.	19
PLANTA DE REGASIFICACIÓN DE SAGUNTO, S.A. (SAGGAS)	Financial revenue on the loan.	271
GASODUCTO DE MORELOS SAPI DE CV	Guarantees and sureties extended.	8,909
Estación de Compresión Soto de la Marina, S.A.P.I. de C.V.	Guarantees and sureties extended.	8,013



Corporate name of the group entity	Brief description of the transaction	Amount (in thousands of euros):
TRANS ADRIATIC PIPELINE AG	Guarantees and sureties extended.	522,952
TRANS ADRIATIC PIPELINE AG	Investment commitments acquired.	20,924
GAS TO MOVE TRANSPORT SOLUTIONS, S.L.	Financial revenue on the loan	17
TALLGRASS ENERGY LP	Investment commitments acquired.	745,050

**D.5.** State any significant transactions carried out between the company or entities of its group and with other related parties that have not been reported in previous sections:

Corporate name of related party	Brief description of the transaction	Amount (in thousands of euros):
No data		N.A.

**D.6.** List the mechanisms established to detect, determine and resolve any possible conflicts of interest between the company and/or its group, and its directors, management or significant shareholders.

Article 13 of the Rules and Regulations of the Organisation and Functioning of the Board of Directors states that Directors shall perform their positions with the loyalty of a reliable representative, acting in good faith and in the best interest of the Company. In particular, the duty of loyalty requires that Directors: [...]

c) Refrain from participating in deliberating and voting on resolutions or decisions in which they or a related person have a direct or indirect conflict of interests. Resolutions or decisions that affect them in their capacity as Director, such as their appointment to or removal from posts on the governing body or others of a similar nature, will be excluded from the preceding obligation.

d) Perform their functions according to the principle of personal responsibility with freedom of judgement or judgement and independence relating to instructions from and links with third parties.

e) Adopt the measures required to avoid becoming involved in situations in which their interests, either for their own personal reasons or those of another party, may conflict with the Company's interest or with their duties with the Company.

In particular, the obligation to avoid conflicts of interest referred to in the preceding paragraph requires that Directors refrain from:

a) Conducting transactions with the Company, except for routine transactions carried out under standard conditions for the customers and having little import, which are understood to be those that are not required to be reported in order to express a true and fair view of the equity, the financial position and results of the entity.

b) Using the name of the Company or invoking their position as director to improperly influence the conducting of private transactions.

c) Using the corporate assets, including the company's confidential information, for private purposes.

d) Taking advantage of the company's business opportunities.

e) Obtaining benefits and remunerations from third parties other than the Company and its Group associated with the performance of their duties, except for acts of mere courtesy.

f) Conducting activities for themselves or for another party that, actually or potentially, entail effective competition with the company or that, in any other manner, place them in permanent conflict with the Company's interests.

The above provisions will also be applicable if the beneficiary of prohibited acts or activities is a person related to the Director.

In any event, Directors must inform the other Directors and the Board of Directors of any direct or indirect situation of conflict that they or persons related to them may have with the company's interests. Direct and indirect conflicts of interest affecting Directors shall be disclosed in the Annual Report.

In addition, concerning transactions carried out with related parties, the Company must adopt the following measures:

a) Report them twice a year to the CNMV and include them in the Annual Report in the Corporate Governance section.

b) b) Submit them in a draft form to the Board of Directors for authorisation prior to their execution, following the relevant report from the Appointments, Remuneration and CSR Committee, and assess whether they satisfy market criteria.

With regard to possible conflicts of interest, all those described as being subject to this Internal Code of Conduct must:

- Notify the Board of Directors, through the Secretary, of any possible conflicts of interest to which they may be subject due to family relationships, their personal assets and liabilities or any other reason. Communications must be made within fifteen (15) days and, in any case, before the decision that may be affected by the potential conflict of interest is taken.

- Keep the information updated, taking into account any modification or cessation of previously reported situations as well as the emergence of new conflicts of interest.

- Refrain from participating in any decision-making process that may be affected by such a conflict of interest with the Company. The Audit and Compliance Committee is the body responsible for regulating and resolving any conflicts of interest that may arise and, pursuant to Article 26 of the Board Regulations, is assigned the following duties:

a) To inform the Board of Directors, prior to approval, of transactions that Directors wish to undertake that imply or may imply a conflict of interest, in accordance with the stipulations of the Internal Code of Conduct regarding the securities market.

b) To report to the Board of Directors on any related party transactions before authorisation thereof. Under no circumstances shall the Board of Directors authorise any transaction which has not been issued a favourable report from the Appointments, Remuneration and CSR Committee as outlined in Article 14 bis of the Rules and Regulations of the Organisation and Functioning of the Board of Directors of Enagás, S.A., except for those transactions which meet the three conditions stipulated in Article 14 bis.

c) To report to the Board of Directors on measures to be taken in the event of breach of these regulations of the Internal Code of Conduct on matters relating to the securities markets on the part of Directors or other persons subject to those regulations. In performing this duty, the Appointments, Remuneration and CSR Committee shall work in coordination with the Audit and Compliance Committee wherever appropriate.

**D.7. Is more than one Group company listed in Spain?**

Yes

No

## **E. RISK CONTROL AND MANAGEMENT SYSTEMS**

### **E.1. Describe the scope of the Company's Risk Control and Management system, including fiscal:**

The Enagás Group has established a risk control and management model aimed at ensuring the continuity of the business and the achievement of the objectives of the company in a predictable manner and with a medium-low profile for all of its risks.

This model allows you to adapt to the complexity of your business activity in a competitive environment globalised, in a complex economic context, where the materialization of risks is faster and with a contagious effect evident.

The model is based on the following aspects:

- The establishment of a risk appetite framework that is consistent with the stated business targets and the market context within which the company carries out its activities (see details in section E.4);
- the consideration of standard risk typologies to which the company is exposed (see details in section E.3);
- the existence of governance bodies with responsibilities for overseeing the company's level of risk (see section E.2);
- separation and independence of risk control and management functions articulated by the Company in three lines of "defence";
- the transparency of information supplied to third parties, to guarantee its reliability and accuracy.

The risk control and management function is articulated around three lines of defence, with differentiated roles and responsibilities, as follows.

These lines are the following:

- First line of defence: made up from the organisational units which assume the risks in the ordinary course of their activities. They own and are responsible for identifying the risks.

- Second line of defence: the Sustainability and Risk Department, in charge mainly of ensuring that the risk control and management system works correctly, defining the regulatory framework and approach, and performing periodic monitoring and overall control of the company's risks.

- Third line of defence: the Internal Audit Department, in charge of supervising the efficiency of the risk controls in place.

The integral analysis of all risks permits the appropriate control and management thereof, an understanding of the relationships between them and facilitates their joint assessment. This is accomplished by taking into account, inter alia, the differences of each type of risk in terms of its nature, handling capacity and risk measurement tools.

Enagás has established a risk regulatory framework through the "Risk Control and Management Policy" and the "General Risk Control and Management Regulations" setting out the basic principles governing the risk function and identifying the roles of the various decision-making bodies and the constituent parts of the risk management system.

According to the nature of the events and the triggers, monitored risks are classified as: strategic and business risks, operational and technological risks, credit and counterparty risks, financial and fiscal risks, criminal liability risks, reputational risks and compliance and model risks.

### **E.2. Identify the bodies responsible for preparing and implementing the risk control and management system, including fiscal:**

The main bodies responsible for the Risk Management System and their main functions are:

**Board of Directors**

The Enagás Group Board of Directors is responsible for approving the risk control and management policy. Other responsibilities with respect to risks are delegated in the Audit and Compliance Committee.

**Audit and Compliance Committee** The mission of this Committee is to assist the Board of Directors in all matters related to the company's risks. Its functions related to risk control and management are:

- Overseeing the effectiveness of risk control and management systems in order to adequately mitigate risks with the framework of the Company's internal policy. Submitting recommendations or proposals to the Board of Directors to improve these systems along with the corresponding deadline for dealing with them.
- Assessing the company's risks and examining the analyses of risks that affect the business, the types of which are set out in the internal risk policies. This periodic information is prepared in accordance with internal rules, including the identification, measurement and establishment of management measures for the key risks affecting the company.
- Reporting to the Board of Directors on any risks uncovered, with an assessment thereof, and any key issues concerning risks.

**Risks Committee**

The Enagás Group's Risk Committee is an executive governance body that assists the Management Committee on all matters related to the company's risks. It coordinates the set of strategic and operational activities to maximise the profitability of the business with certain degrees of uncertainty. Part of the duties of this committee are:

- Overseeing compliance with risk regulations, proposing the actions it considers necessary in the event of any breach. Establishing the risk principles and overall strategy, promoting the integration of the risk management function at all levels and areas of Enagás' business through a common risk culture aligned with the company's objectives.
- Approving risk-measurement approaches, ensuring consistent metrics in order to consolidate the overall risk level.
- Approving the company's overall risk limits and/or thresholds, and, where appropriate, those of the business units and/or corporate departments.
- Supervising that risk remains within levels that the company is willing to accept and that are aligned with its strategy and objectives.
- Regularly reviewing the level of exposure to risk: i) analyse overall risk exposure and exposure of the various businesses and departments, and verify, by risk typology, that the level of risk exposure is below the level of acceptable risk; ii) review the corrective actions proposed by the business units and/or corporate departments to address potential breaches of the established limits.
- Reporting to and advising the Management Committee on matters related to the company's risks

**Sustainability and Risk Department**

The corporate Sustainability and Risk Department is in charge of the overall management of all regulations related to risk, supervising that risk management is applied correctly, disclosed, monitored and improved continuously so that it is aligned with the business needs at all times.

Part of their duties are:

- Ensuring that the risk control and management systems are functioning correctly. Defining the framework of rules and methodologies for the identification, measurement and management of the main risks affecting the company.
- Participating actively in the preparation of risk strategies and in key decisions about their management. Analysing, from a risk perspective, the main risks and participating in the decisions that affect them.
- Supervising that the risk control and management actions proposed by the business units are mitigating risks effectively in the frame of the policy and the strategy drawn up.
- Proposing to the Risk Committee the company's risk appetite and tolerance, and the structure of the related limits.
- Monitoring and controlling all the company's risks, validating the measurements made by the business units and/or departments.
- Advising the company's departments in risk assessment.
- Proposing a global and consistent view of the company's risk through an internal information and control system.
- Disclosing the Group's risks and reporting on the key matters relating to risks to the Senior Management and Governing Bodies.

Business and corporate units These are the various business and corporate units that assume risk in the ordinary course of their activities.

- Part of their duties are:
- Identifying risks in their activity on a regular and systematic basis through the year.
  - Assessing and measuring risks following the established identification and assessment methodologies.
  - Defining risk-management and risk-mitigation and impact control actions in accordance with the defined strategy and the nature of the risks.
  - Passing down risk limits and thresholds to lower levels.

**E.3. Indicate the main risks, including fiscal risks and, to the extent that they are significant, those derived from corruption (the latter being interpreted under the scope of Royal Decree-Law 18/2017), which may affect the achievement of business objectives:**

The main risks affecting the Enagás Group in the development of its business can be classified as follows:

**Strategic and business risks**

These are risks which are inherent to the gas sector and are linked to potential losses of value or results derived from external factors, strategic uncertainties, economic cycles, changes to the environment, changes to patterns of demand, competition and market structure or changes to the regulatory framework, as well as those derived from taking the incorrect decisions in relation to business plans and company strategies.

The Enagás Group's activities are mainly exposed to the following risks:

- Changes in the regulatory framework.
- Evolution of demand, with short-, medium- and long-term effects, associated with weather conditions, the competitiveness of natural gas with other energy sources, evolution of the economy, etc.
- Permits and administrative approvals.
- Delays and cost overruns in the execution of infrastructure projects.
- Impairment of fixed assets associated with projects.
- Commercial risk
- Others

**Operational and technological risks**

During the operation of the infrastructures of the Enagás group, losses of value or deterioration of results can occur due to the inadequacy, failures of physical equipment and computer systems, errors of human resources or derived from certain external factors.

The main operational and technological risks to which the Enagás Group is exposed are:

- Industrial risks (conditioned by the nature of the fluid being handled), those related to incidents during the operation of transmission infrastructures, regasification plants and underground storage facilities, which may involve large-scale damage.
- Internal and/or external fraud.
- Cybersecurity (economic fraud, espionage, activism and terrorism).

**Financial and Fiscal Risks**

The Enagás Group is subject to the risks deriving from the volatility of interest and exchange rates, as well as movements in other financial variables that could negatively affect the company's liquidity.

Interest rate fluctuations affect the fair value of assets and liabilities that accrue interest at fixed rates, and the future cash flows from assets and liabilities that accrue interest at floating rates.

Exchange rate fluctuations may affect positions held with regard to debt denominated in foreign currency, certain payments for services and the purchase of capital goods in foreign currency, income and expenses relating to companies whose functional currency is not the euro and the effect of converting the financial statements of those companies whose currency is not the euro during the consolidation process. This risk affects the Enagás Group, both owing to its international operations and intragroup loans in currencies other than the euro, mainly the US dollar.

The Enagás Group maintains a liquidity policy that is consistent in terms of contracting credit facilities that are unconditionally available and temporary financial investments in an amount sufficient to cover the projected needs over a given period of time.

As regards the execution of projects, the Enagás Group is exposed to uncertainties owing to the effective procurement of finance in conditions similar to those forecast in its business plans. On certain occasions this financial risk may be associated with other risks arising from the agreement terms that set out the conditions of service (which may even lead to the cancellation of the concession agreement).

It is also exposed to potential changes in legal frameworks for taxation and uncertainty arising from the possible different interpretations of prevailing tax laws, which could have a negative impact on results.

#### Credit and Counterparty Risks

Credit risk relates to the possible losses arising from the non-payment of monetary or quantifiable obligations of a counterparty to which the Enagás Group has granted net credit which is pending settlement or collection. The counterparty risk includes the potential breach of obligations acquired by a counterparty in commercial agreements that are generally established in the long-term.

#### Reputational Risks

Reputational risk refers to any action, event or circumstance that could have a harmful effect on the company's reputation among its stakeholders.

#### Criminal Liability Risks

The amendments made to the Criminal Code in 2010 and 2015 establish criminal liability on the part of legal entities. In this regard, Enagás could be held liable in Spain for certain crimes committed by its directors, managers and or in the interest of the company. To prevent this risk from materialising, the Enagás Group has approved a Crime Prevention Model and has implemented the measures needed to prevent corporate crime and to avoid liability for the company.

Likewise, as a result of the company's international activity, the Model has been broadened to cover the requirements of Mexican criminal law and US anti-corruption measures.

#### Compliance Risks and Model

The Enagás Group is exposed to compliance risks, which comprises the costs associated with possible sanctions owing to infringement of laws or sanctions derived from the materialisation of operational events, conducting of improper business practices, non-compliance with internal policies and procedures and/or the incorrect use of models.

#### E.4. Identify if the company has a risk tolerance level, including fiscal:

The Enagás Group Risk Control and Management Model defines the risk appetite framework, which corresponds to the maximum level of risk the company is willing to take on in order to meet its objectives, and which is expressed by means of risk limits. The level of risk tolerance is the result of the deviation in the level of risk the company takes on at a specific moment in relation to the defined risk appetite.

The Enagás Group has defined a set of limits for the main types of risk that the company may present (strategic risks and business, operational, technological, financial and tax-related, credit and counterparty, and criminal liability risks), with the establishment of the maximum acceptable level of risk, which is updated yearly by the Risk Committee. These limits are specified by a set of indicators that are regularly monitored throughout the year.

#### E.5. Identify any risks, including fiscal, which have occurred during the year:

The company had a medium risk profile over the course of 2019, partly due to the existence of corporate risk control and management systems. This allowed certain risks to be eliminated from the company's inventory, without their having any negative impact.

In Spain, there has been an impairment of current assets associated with projects that have been halted. In addition, remuneration for supply continuity in transmission activities was lower than expected, due to adjustments made by the regulator in 2018 demand for rebilling services to other companies, with effect in 2019.

It should also be noted that the regulatory cut approved by the CNMC for natural gas transmission and regasification activities has been significantly lower than its initial proposal, in part due to the risk management measures taken by the company. The effect of the cut will not be reflected until the new remuneration period comes into effect in 2021.

Internationally, with little significant impact on the company's consolidation, some commercial agreements in one of the affiliates have not been renewed. Minor operational risks materialised at two other affiliates: a cyberattack and an internal fraud case, without any significant financial loss.

**E.6.** Explain the response and supervision plans for the main risks of the entity, including fiscal risks, as well as the procedures followed by the company to ensure that the board of directors responds to the new challenges that arise:

A series of control activities defined by each of the business units and corporate departments are associated with the main risks identified by the company to ensure that it can respond adequately and in a timely manner. The Audit and Compliance Committee and the Risk Committee oversee the implementation of these control activities and monitor the action plans.

The type of controls in place vary considerably depending on the nature of the risk. For instance:

- Regarding regulatory risks, controls and mitigating actions include, inter alia, active participation in regulatory development through the elaboration of proposals, ongoing cooperation with (domestic and European) regulators and public administrations.
- Regarding infrastructure operation (e.g. damage, incidents), risks are mitigated through the design of maintenance and continuous improvement plans, the definition and monitoring of quality indicators, and control systems and alerts, which ensure service continuity and quality, among others. Likewise, there is an insurance schedule in place for transferring these risks to a third party.
- Regarding strategic and business risks related to international asset management, controls include monthly monitoring of planning for international assets and returns on investments, among others.
- Credit and counterparty risks are mitigated via establishment of guarantee mechanisms, in accordance with specific regulatory requirements, such as continuous monitoring of the main counterparties' credit profiles.
- To prevent criminal liability risk from materialising, the Enagás Group has approved a Crime Prevention Model (reviewed in 2016) and has implemented the measures needed to prevent corporate crime and to avoid liability for the company.

**F. INTERNAL RISK CONTROL AND MANAGEMENT SYSTEMS IN RELATION TO THE PROCESS OF ISSUING FINANCIAL INFORMATION (ICFR)**

Describe the mechanisms which comprise the internal control over financial reporting (ICFR) risk control and management systems at the entity.

**F.1. The entity's control environment.**

Specify at least the following components with a description of their main characteristics:

**F.1.1** The bodies and/or functions responsible for: (i) the existence and regular updating of a suitable, effective ICFR; (ii) its implementation; and (iii) its monitoring.

As part of the ICFR responsibilities at Enagás, S.A. and Subsidiaries (hereinafter the "Group"), the following bodies and/or functions develop, maintain and monitor the preparation of Group financial information:

**Board of Directors**

Pursuant to Article 5 b) of the Rules and Regulations of the Organisation and Functioning of the Board of Directors, the Board is responsible for "the determination of the company's tax strategy and of its risk control and management policy, including tax risks, and the oversight of its internal information and control systems", and is ultimately responsible for guaranteeing an internal control environment conducive to complete, reliable and timely, financial reporting.

Pursuant to Article 26 of the said regulations, the Audit and Compliance Committee has been delegated the duty of overseeing the internal information and control systems.

**Audit and Compliance Committee**

The Audit and Compliance Committee is responsible for "overseeing the preparation and presentation of financial information on the Company and the Group, checking compliance with regulatory requirements, the due definition of the scope of consolidation and the correct application of accounting principles and in particular to know, understand and monitor the efficiency of the internal control over financial reporting system (ICFR). It must also report to the Board of Directors on recommendations or comments it deems necessary on the application of accounting criteria, internal control systems and any other relevant matter, and in particular, to present recommendations or proposals to the Board of Directors to safeguard the integrity of such financial information", according to Article 8, sections 2 i) a) and 2 i) c), of the Regulations of the Audit and Compliance Committee of Enagás, S.A.

Likewise, article 44 of the Consolidated Text of the Articles of Association states that the Audit and Compliance Committee is responsible for seeing to the proper operation of the Company and its Group internal control, internal audit function, and risk management systems. In addition to discussing any significant weaknesses in the internal control system detected in the course of audit with the auditors without impinging on its independence.

To carry out its duty of oversight of the effectiveness of internal control, the Audit and Compliance Committee has the support of an Internal Audit Department, as established in the General Internal Audit Regulations.

**Finance Department**

The Finance Department is responsible for designing, implementing and ensuring there is a suitable and efficient ICFR system. The Internal Control over Financial Reporting Unit assists it in these duties. This function is key to managing ICFR and has the following tasks:

- Guaranteeing the integrity and internal coherence of the ICFR.
- Monitoring of the updating and documentation of the sub-cycles/processes which affect the preparation of financial information (carried out by the people in charge of the sub-cycles/processes).
- Overseeing the updating and maintenance of the ICFR management tools.
- Managing the self-assessment of the ICFR system and monitoring the results.
- Coordinating the financial information risk assessment and periodically updating the risk map.
- Carrying out an annual evaluation of the requirements to update the document attributing the accounts to ICFR areas, in order to maintain the required standard of financial information.
- Drawing up and updating the Enagás Group Internal Control over Financial Reporting System Manual ("Enagás Group ICFR Manual").
- Updating and disseminating applicable ICFR system regulations, both internal and external.
- Identifying the training needs and organisational/execution needs for courses relating to ICFR or other related issues (these are channelled via the Training School programme included in the Training Plan and Training Programme).
- Monitoring and updating the model for defining scopes.
- Collaborating with the Internal Audit Department, ensuring independence at all times.

- Collaborating in classifying any deficiencies detected during reviews of the ICFR system (material weaknesses, significant deficiencies, insignificant deficiencies).
- Collaborating in implementing corrective measures detected in the reviews of the ICFR.

#### Internal Audit Department

The Internal Audit Department reports to the Audit and Compliance Committee as per the General Internal Audit Regulation. It is responsible for "assessing and improving the efficiency of risk management processes, internal control and corporate governance".

Its main ICFR duties, which are coordinated by, overseen and supervised by the Audit and Compliance Committee, include:

- Performing tests and assessments of the design, implementation and operational effectiveness of the ICFR system.
- Conducting a series of limited checks on the documentation of cycles and sub-cycles to achieve a preliminary understanding of whether the documentation prepared by Enagás is up to date and to detect which potential control activities should be designed.
- Conducting a series of limited checks to gain a preliminary understanding of the degree of compliance and formalisation of the (manual and automated) controls established by Enagás.
- Verifying the correct implementation of corrective actions concerning the ICFR system in accordance with the Internal Annual Audit Plan.

#### Departments and units involved in preparing financial information

The people in charge of the sub-cycles/processes involved in the preparation of financial information and whose main duties are:

- Supervising the actions and evaluations carried out for each of the processes for the cycles in the Areas, for which they are responsible, with the possibility of eventually carrying out tests to confirm the results of specific controls.
- Establishing, monitoring and evaluating the effectiveness of the control activities within the cycles/sub-cycles, mainly concerning communication, allocating responsibilities, delegating competences, segregating duties and managing access to information and other critical resources, developing and modifying the processes (both operational and control) and support systems.
- Coordinating the design, documentation and implementation of ICFR system processes, ensuring objectives are met in order to manage each process.
- Ensuring that all documentation concerning the process is kept up to date (who, what, how, rules, proof, etc.) as well as that concerning the ICFR system control and risk objectives.
- In the case of amendments or updates to regulations, procedures, instructions etc., the owner of the process shall notify the ICFR Unit.
- Reporting, formally and periodically on the outcome of the self-assessments carried out.
- Collaborating in identifying qualitative factors which may affect the inclusion of this process in the general ICFR model.
- Implementing and promoting the implementation of corrective actions in the area of ICFR.

The allocation of ICFR responsibilities is reflected in the positions within the Group's organisational structure, and included in the job analysis and description sheets containing the description of the assigned tasks. Any changes in the allocation of responsibilities are made to the organisational structure and these sheets, as set forth in the company's "Organisational Development and Processes" procedure.

#### F.1.2 The existence or otherwise of the following components, especially in connection with the financial reporting process:

- Departments and/or mechanisms in charge of: (i) design and review of the organisational structure; (ii) clear definition of lines of responsibility and authority, with an adequate distribution of tasks and functions; and (iii) assurance that adequate procedures exist for proper communication throughout the entity:

The design and review of the organisational structure, as well as the definition of the lines of responsibility, falls to the Board of Directors, through the Appointments, Remuneration and Corporate Social Responsibility Committee. As stipulated in the Regulations of the Appointments, Remuneration and Corporate Social Responsibility Committee of Enagás S.A., Article 8 2 (ii) e): "To submit proposals regarding the organisational structure of the Company and the creation of Senior Management positions that it considers necessary for a better and more efficient management of the Company to the Board of Directors, and also guidelines regarding the appointment, selection, career, promotion and dismissal of Senior Managers, in order to ensure that the Company has, at all times, the highly qualified personnel suitable for the management of its activities."

Likewise, the Corporate Resources and People Department is responsible for designing, implementing and updating the organisational structure within the Group. The internal mechanisms used by this department, to clearly define the lines of responsibility, are enumerated in:

- "Job Analysis and Description Sheets"
- The "Human Resources Development Procedure"
- The "Organisational Development and Processes Procedure"

which, among other matters, establishes and develops the overall management model for processes and job descriptions, in accordance with the company's strategy and business and operating needs, the organisational structure of the Departments/Units.



The particular features of the ICFR lines of responsibility and authority are regulated by the "Enagás Group ICFR Manual" as well as various rules and regulations concerning the key governing bodies and Senior Management. Meanwhile, specific ICFR-related responsibilities are considered in the design of the model, aligned with those defined in the "Job Analysis and Description Sheets". Versions of the ICFR model are generated periodically to reflect the changes over time in job responsibility.

Also worth noting is the "Powers of Attorney and Electronic Signature Certificates Management" procedure, which sets out the actions to ensure that responsibilities are given appropriately.

The organisational structure is available to all employees on the Intranet in the form of an organisational chart and is regularly updated. In addition, the specific rules and procedures detailing the related responsibilities are published on the Intranet, as stipulated in the "General Regulations for Rules and Process Management".

Code of conduct, approving body, dissemination and instruction, principles and values covered (stating whether it makes specific reference to record keeping and financial reporting), body in charge of investigating breaches and proposing corrective or disciplinary actions:

The following documents are available to all employees as part of the Group's Policy on Sustainability and Good Governance and other corporate policies:

Enagás Internal Code of Conduct in matters relating to Securities Markets.

As stipulated in Article 5 of the Rules and Regulations of the Organisation and Functioning of the Board of Directors of Enagás, S.A., the company has an Internal Code of Conduct in matters relating to Securities Markets which was drawn up and approved by the Board. These regulations aim to protect the interests of investors in the company's securities and its Group and to prevent and avoid any situation of abuse by establishing the rules for:

- The management and control of Privileged Information and the handling of such information;
- The trading of Affected Securities of Enagás or companies in its business Group;
- The performance of treasury share transactions;
- The obligations of publication and dissemination of privileged information to the market;
- Generally, compliance with securities market regulations.

Persons subject to the obligations established in the Internal Code of Conduct will receive a copy of the regulations and must sign a statement acknowledging receipt and declaring that they are aware of their obligations.

The Audit and Compliance Committee is responsible for ensuring compliance with the regulations and for making suggestions, as necessary, to improve them (Article 8 of the Regulations of the Audit and Compliance Committee of Enagás, S.A.). The Head of Compliance, in coordination with the General Secretariat, will ensure precise and true compliance with the obligations contained therein, with the requirement to regularly report to the Audit and Compliance Committee on the degree of compliance and any incidents detected in relation to its application for evaluation by the Committee, as stipulated by Article 19.2 of the regulations.

Enagás Group Code of Ethics

The "Enagás Group Code of Ethics" approved in 2008 and reviewed in 2012 and 2014, this review being approved by the Board of Directors at its meeting on December 16, 2019. It is available on the external website and Intranet, and aims to formalise "[...] the Enagás' model of ethics and compliance and is developed through policies, standards, processes and controls [...]". "The Code of Ethics reflects Enagás' ethical culture and sets out the guidelines that determine the behaviour of its employees, managers and directors and of third parties that have connections with the group.

" [...] The Code will be reviewed as often as necessary to ensure that its content is aligned with applicable law and best practices, and to guarantee the effectiveness of the ethics and compliance model.

All Enagás professionals must understand and comply with the Code of Ethics and the rules that develop it. When so required by Enagás, they must accept knowledge of the Code and confirm compliance with it [...]."

Its values address issues related to financial reporting:

Transparency and reliability of information: "With regard to the recording, collation and review of financial and non-financial information, we ensure its reliability and rigour, and apply the accounting policies, control systems and supervisory mechanisms defined by Enagás".

- Fight against fraud, corruption and bribery " [...] We must not offer or accept, either directly or indirectly, gifts or hospitality from third parties, including public representatives, which go beyond the purely symbolic or which could be interpreted as an attempt to influence our will or to obtain undue advantage [...]."

In this regard, in 2013 the "Procedures for Managing the Offering and Acceptance of Gifts" was approved and in 2015 the "Anti-Fraud, Corruption and Bribery Policy" was approved; it was reviewed in 2019.

Information confidentiality: " [...] The information that we handle in our professional activity, except when its disclosure is expressly authorised, must be considered confidential and treated as such. We are all responsible for protecting the confidentiality of information, whether it relates to Enagás or to third parties, such as customers, suppliers or business partners, potential job applicants or any third party with whom we have a relationship in the course of our business. [...]"

The Code states that " [...] the Board of Directors is the body with ultimate responsibility for ensuring Enagás' ethical culture and the effectiveness of the ethics and compliance model. The Ethical Compliance Committee, which reports to the Audit and Compliance Committee, assumes the competences related to the ethics and compliance model. For its part, the Audit and Compliance Committee is responsible for supervising the implementation of the ethics and compliance model and for ensuring that the Ethical Compliance Committee has sufficient resources, autonomy and independence [...]".

In addition, there is also a Compliance Policy to oversee the commitment to: " [...] uphold conduct that complies with both regulations and ethical standards. [...] and " [...] promote a culture of integrity and respect for the law and ethical standards that takes into consideration not only the interests of Enagás but also the needs and expectations of its stakeholders [...]" . This policy is reinforced by the General Compliance Standard.

#### Code of Conduct of the Technical Manager of the Spanish Gas System

The Code of Conduct for the Technical Manager of the Spanish Gas System approved at the Board of Directors meeting of December 15, 2014, available on the external website and Intranet, aims to " [...] ensure that the functions of the Technical Management of the Spanish Gas System are carried out independently from the rest of the Enagás Group's activities, in compliance with the criteria legally established in Hydrocarbons Sector Law 34/1998, of October 7 [...]" .

As set out in the Code: "It is the obligation of Enagás GTS to keep the list of the individuals subject to this Code of Conduct updated at all times and to send each of these a copy of the Code, requiring them to furnish a letter in which they confirm they have received the Code and declare that they know and accept compliance with the obligations they are subject to".

It also provides that: " [...] The Ethical Compliance Committee is entrusted with ensuring compliance with this Code of Conduct and the effectiveness hereof. It will therefore periodically report to the Audit and Compliance Committee of the Board of Directors of Enagás, S.A. on the results of its assessment and on any deficiencies detected. However, the Managing Director of the Technical Manager of the System will address any queries that may be raised by the employees of Enagás GTS regarding the Code of Conduct [...]" .

The Ethical Compliance Committee, pursuant to Article 63.4 d) of the Hydrocarbons Sector Law, shall prepare a report containing the following information:

- The measures adopted to guarantee the segregation of activities.
- The conflicts of interest reported and the measures adopted to resolve them [...]" .

#### Internal Audit Code of Ethics

The Internal Audit Code of Ethics, available on the corporate Intranet, was approved in 2017, establishing the ethical culture in the function of Internal Audit as an independent activity. It includes:

1. Principles relevant for the profession and practice of the internal audit:

- Integrity
- Objectivity and independence
- Confidentiality
- Competition

2. The Rules of Conduct which describe the behaviour expected from all internal auditors. These rules serve to assist with the interpretation of the Principles in their practical application. Their aim is to guide the ethical conduct of internal auditors.

Once a year all internal auditors must sign a declaration stating that they are cognisant of, understand and uphold these rules. In turn, professionals who work with the Internal Audit Department must also sign this declaration, when they start to provide their services.

- Whistleblowing channel, for reporting any irregularities of a financial or accounting nature to the audit committee, as well as breaches of the code of conduct and malpractice within the organisation, stating whether reports made through this channel are confidential:

The company has a whistleblowing channel, the "Ethics Channel", for consultation and reporting of irregularities or breaches of the Enagás Group Code of Ethics and the Code of Conduct of the Technical Manager of the Spanish Gas System.

The processing of such queries and notifications is the responsibility of the Ethical Compliance Committee, which functionally reports and is accountable for its performance to the Audit and Compliance Committee. This Committee shall respond to all reports and periodically prepare a report to be submitted to the Audit and Compliance Committee. However, according to the "Procedure for the management of consultations and reporting regarding irregularities or breaches of the Code of Ethics", if the consultation or notification is of a financial or accounting nature or concerns internal control or fraud, it shall be forwarded directly to the Audit and Compliance Committee.

- Training and refresher courses for personnel involved in preparing and reviewing financial information or evaluating ICFR, which address, at least, accounting rules, auditing, internal control and risk management:

The Talent Management Department, which reports to the Human & Corporate Resources Department, has a "Training School" which manages and plans all the training programmes and other instruction initiatives for all employees included in the Training Plan and in the Training Programme.

In coordination with the Finance Department and the Internal Audit Department, Talent Management identifies and analyses the specific training needs of all personnel involved in preparing and reviewing financial reporting, including issues concerning accounting, internal control and risk management.

In 2019, the Finance Department and the Internal Audit Department took part in various training programmes, including: Programme for Certification of Internal Control COSO, Internal Control of the tax function, Model of corruption prevention, Cybersecurity: basic concepts and good practices, among others.

In addition, since this year the Enagás Group, together with other relevant companies, participates in a collaborative space on the ICFR to share experiences, knowledge and best practices in this area.

## **F.2. Risk assessment in financial reporting.**

Report at least:

F.2.1 The main characteristics of the risk identification process, including risks of error or fraud, stating whether:

- The process exists and is documented:

Identifying risk is one of the core fundamentals in risk analysis with regards to the preparation of financial information. The process follows the COSO 2013 (Committee of Sponsoring Organisations of the Treadway Commission) framework. One of the objects is to help ensure that transactions are recorded faithfully in accordance with the related accounting framework so it can provide reasonable assurance regarding the prevention or detection of errors that could have a material impact on the information contained in the consolidated annual accounts.

The "Enagás Risk Control and Management Policy" provides a reference in the area of risk identification, as it states the company's policies on how to deal effectively with uncertainty, risks and the associated opportunities, thereby improving its capacity to generate value in order to achieve the aims of the Group, which include reliable financial reporting.

The principles and criteria included in the policy were issued by the Enagás Risk Committee. This Committee is charged with defining, approving and updating the basic criteria and principles guiding actions in relation to risk, as set out in the "Functioning of the Enagás Risk Committee" procedure.

The principles set out in the "Enagás Risk Control and Management Policy" are articulated in the "General Regulations for Risk Control and Management", providing an organisational and methodological framework that ensures the risk control and management process is implemented appropriately and effectively.

Specific risks related to the company's Internal Control over Financial Reporting System are classified in this framework under the Group's operational risk category. The identification and measurement of these risks are performed as set out in the Internal Control over Financial Reporting System Manual.

- If the process covers all of the objectives of financial information, (existence and occurrence; completeness; valuation; delivery; breakdown and comparability; and rights and obligations), whether it is updated and with what frequency:

Pursuant to the "Enagás Group ICFR Manual", the risk identification process covers all financial reporting objectives to ensure the accuracy and completeness of the same. In this regard, the manual describes the risks related to the financial reporting process as follows:

- **Completeness:** the risk that not all transactions, and other circumstances and events are recorded.
- **Rights and obligations:** the risk that not all financial information at any given date does reflect the rights and obligations through the corresponding assets and liabilities in accordance with applicable standards.
- **Existence and occurrence:** the risk that not all transactions, circumstances and events exist or not all are recorded at the appropriate time.
- **Valuation:** the risk that not all transactions, circumstances and events are recorded and valued in conformity with applicable standards.
- **Delivery, breakdown and comparability:** the risk that not all transactions, circumstances and events are classified, presented and disclosed in the financial information in accordance with applicable standards.

• Internal fraud: includes the risk of manipulation of files, software and information, and the risk of unauthorised activities (involving employees) leading to intentional financial statement misstatements and misappropriation of funds and assets due to inappropriate use of corporate assets.

Periodically, the ICFR Unit fully evaluates all control processes and corresponding specific risks mitigation measures in place, and at the same time, assesses whether new risks need to be added.

• A specific process is in place to define the consolidation scope, taking into account, inter alia, the possible existence of complex corporate structures or special purpose vehicles:

The Finance Department operates a management and updating process to identify those companies which should be included in the consolidation scope. This process is detailed in the "Period-End Procedures for Consolidated Financial Statements and Annual Accounts".

In compliance with article 8 of the Regulations of the Audit and Compliance Committee, the Committee's duties and competencies include "Overseeing the preparation and presentation of financial information on the company and the Group, checking compliance with regulatory requirements, the due definition of the scope of consolidation and the correct application of accounting principles and, in particular, to know, understand and monitor the efficiency of the internal control over financial reporting system (ICFR)."

In determining the companies covered by the ICFR scope, the Group considers those in which it has direct or indirect control, and so for all other consolidated companies, the Group includes controls to ensure consistency, validity and reliability of the financial information provided for inclusion in the consolidated financial statements.

• The process addresses other types of risk (operational, technological, financial, legal, fiscal, reputational, environmental, etc.) insofar as they may affect the financial statements:

The process of identifying risks associated with achieving the financial reporting objectives takes into account the possible effects derived from the materialisation of other types of risks contained in the risk control and management model described in section e) of this document. These effects would arise, as the case may be, through strategic and business risks, operational and technological risks, credit and counterparty risks, financial and fiscal risks, criminal liability risks, reputational risks and compliance and model risks.

• Which of the entity's governing body oversees the process:

The Audit and Compliance Committee is responsible for overseeing " [...] the effectiveness of risk control and management systems in order to mitigate risks adequately, in the framework of the Company's internal policy." Also, and according to Article 8.2, section (v) a) of the Regulations of the Audit and Compliance Committee of Enagás S.A., it is responsible for submitting " [...] recommendations or proposals to the Board of Directors to improve these systems along with the corresponding deadline to dealing with them [...]".

### **F.3. Control activities.**

**Indicate the existence of at least the following components, and specify their main characteristics:**

F.3.1 Procedures for reviewing and authorising the financial information and description of ICFR to be disclosed to the securities markets, stating who is responsible in each case and documentation and flow charts of activities and controls (including those addressing the risk of fraud) for each type of transaction that may materially affect the financial statements, including procedures for the closing of accounts and for the separate review of critical judgements, estimates, evaluations and projections.

Procedures for reviewing and authorising financial information to be disclosed to the markets.

The organisation has the following documents to ensure the reliability of the financial information to be disclosed to the securities markets:

- The “Manual of Accounting Policies (PGC)” and the “Manual of Accounting Policies (IFRS)”, which establish and provide clear information on the accounting policies required for performing accounting estimates and preparing the Company’s Individual and Consolidated Financial Statements and Annual Accounts, to ensure that these provide a true and fair view of its equity, financial position, results of operations, changes in net equity and changes in cash flows.
- “Period-end procedures for the Individual Financial Statements and Annual Accounts” and “Period-end procedures for the Consolidated Financial Statements and Annual Accounts” approved by the Financial General Manager establishing the process of preparing, processing, reviewing and authorising the financial information at the closing of accounts by the persons in charge. These also establish the controls of judgements, estimates and evaluations which may materially affect the financial statements.
- “Procedure on the provision of Regular Reports to Securities Market Regulators” which establishes the process to be followed when preparing periodic financial information to be disclosed to the regulated markets regarding interim financial reports, interim management reports and, if applicable, quarterly financial reports, and defines the persons responsible of approval of said financial information.

With regard to the preparation and subsequent disclosure of financial reporting, the Investor Relations Department, the Finance Department, the General Secretariat, the Board of Directors and the Chairman of the Board all play a key role at the various levels within the Organisation in the validation and approval of all financial information.

Description of ICFR: Control and Activities

The Group’s ICFR control structure is based on the five components of the COSO Model included in the Internal Control-Integrated Framework report (2013):

1. Control environment
2. Risk assessment
3. Control activities
4. Information and communication
5. Monitoring of the system.

Likewise, the recommendations of the report on “Internal Control over Financial Reporting at Listed Companies” prepared by the CNMV’s Internal Control Working Group (ICWG) (2010) are taken into consideration.

In this regard, the ICFR model states a number of key control objectives which, if fully implemented, allow reliability and transparency in preparing financial reporting. Implementation of these objectives is intrinsically tied to the effectiveness of “Control activities” at each stage of their execution.

In this context, the control structure defined is based on two classes of control:

- General control
- Process controls

General controls

The General Controls form the basis of the ICFR model. These are interlinked controls that directly affect the organisational structure and procedures. These are known as the “control environment” in the CNMV and COSO recommendations.

At the end of 2019, there were 46 ICFR general controls in operation. Senior Management is responsible for overseeing these controls, which are split between the following departments:

- Secretary to the Board of Directors
- General Secretariat
- Gas System Technical Management Department
- Finance Department
- Human & Corporate Resources Department
- Investor Relations Department
- Communication and Public Affairs Office

These controls are assessed once a year to incorporate any updates and to identify new control components.

Process controls Process Controls (control activities) are controls over an organisation’s operating processes that are more specific than general controls. These are part of each of the main cycles and sub-cycles comprising the ICFR procedures, guaranteeing the reliability and transparency of Enagás financial reporting. These are factors which mitigate the risks inherent in the financial reporting procedure mentioned above to ensure the established control objectives are met.

These control activities are used throughout all the ICFR model and the eight Areas which affect financial reporting:

- Acquisitions
- Fixed assets
- Inventories
- Revenue

- Payroll and personnel
- Financial management
- Support services
- Financial reporting

These Areas in turn affect a further 28 cycles and 60 subcycles and are formally documented in a corporate IT tool.

These process controls can be classified with the following different characteristic attributes:

• According to their nature:

- Preventive: Preventing errors or any irregularities which may affect the information, i.e. preventing the impact of financial risks.
- Detective: Identifying errors or irregularities which may affect the financial information, i.e. identifying errors when they arise.
- Corrective: Correcting errors or irregularities which may affect the financial information, i.e. rectifying errors when they arise.

• According to level of automation:

- Manual: control mechanisms directly executed by people.
- Semi-automated: control mechanisms executed by people and validated by "IT support" or vice-versa.
- Automated: control mechanisms with "IT support".

The quarterly self-assessment process carried out by the ICFR unit allows the organisation to confirm the validity of the description of these controls by the people responsible, identifying any updates (new process controls, elimination, automation, etc.).

At year-end 2019, there were 208 ICFR process controls, approximately 26% of which were automated.

Operating activities

In addition to the controls we have mentioned above, when designing the ICFR subcycles a series of operating activities are defined to establish a flow chart showing how these impact financial reporting. Likewise, these activities are included in a corporate IT tool which establishes the models for the ICFR subcycles.

At year-end 2019, there were 736 operating activities, approximately 16% of which were automated.

### F.3.2 Internal control policies and procedures for Information Technology (IT) systems (including secure access, control of changes, system operation, continuity and segregation of duties) giving support to key company processes regarding the preparation and publication of financial information.

IT systems play an important role and are configured to support the preparation, processing and extraction of the financial information to be disclosed. This is why they are included in the ICFR actions and configuration.

All actions concerning information systems are regulated in the Cybersecurity Policy which defines the principles to effectively manage information security in the IT systems, as well as the assets involved in the processes.

Based on the principles of this policy, Enagás has designed the "General Rules for Management of IT Systems" establishing the responsibilities and the relationship between the requesting units and the Information Systems Department.

We also have General Computer Controls ("GCCs"). These provide a control framework designed to offer a reasonable level of security in IT systems used for financial reports, guaranteeing, to the greatest degree possible, that the information is confidential, available and complete. At year-end there were 46 General Computer Controls included in the "IT INFORMATION TECHNOLOGY" area, broken down into the following cycles:

- Logical and physical security cycle.
- Application development and maintenance cycle.
- Operating and support of networks, databases and operating systems cycle.
- Management and planning of information systems cycle.
- Fraud prevention and detection cycle.

Here we would note that within the operation and support of networks, databases and operating systems cycle is the GCC relating to the Business Continuity and Disaster Recovery Plan.

The objectives established within the framework of General Computer Controls help achieve control objectives related to the processing of computer generated information, through the defining, development, implementation and reviewing of control activities such as user and authorisation management, administrator management, access control, incident management, change management, business continuity, information storage and recovery, operations monitoring, etc.

Integral to the objectives of control of IT systems is the need to establish an appropriate segregation of duties, which is a prerequisite for an ICFR system to function efficiently and effectively. It is therefore of vital importance that there is a clear distinction between who has to execute actions related to the treatment of financial information, and who has to review and/or approve them. For this reason, correctly allocating profiles, both in IT systems and in terms of positions and functions, is critical to the success of the process.

**F.3.3 Internal control policies and procedures for overseeing the management of outsourced activities, and of the appraisal, calculation or valuation services commissioned from independent experts, when these may materially affect the financial statements.**

Enagás is particularly vigilant about any activities carried out by third parties which may significantly impact the financial statements to ensure maximum control over key procedures that may be outsourced, and that the activities are carried out to the standard that the Group demands.

The internal rules regulating this can be found in the "Identification and Treatment Procedures for Service Organisations".

The Group also has the following regulations and internal procedures regulating the contracting process and ensuring quality control of third parties:

- The "General Regulations for Management of Awarding and Contracting"
- The "Purchase Management Procedure"
- The "Supplier Approval Procedure"
- The "Procedure for Ensuring Supplier Reliability"

When the Organisation engages the services of independent experts for appraisal, calculation or valuation services, we request that they certify they are reputable firms in their field and are independent. This helps ensure that the Group's management is able to supervise and take the ultimate decisions on the estimate processes which may impact accounting records.

**F.4. Information and communication.**

Indicate the existence of at least the following components, and specify their main characteristics:

**F.4.1 A specific function in charge of defining and maintaining accounting policies (accounting policies area or department) and settling doubts or disputes over their interpretation, which is in regular communication with the team in charge of operations, and a manual of accounting policies regularly updated and communicated to all the company's operating units.**

The Accounting and Accounting Policies Units, which reports to the Accounting Department is responsible for keeping all accounting policies regularly updated and communicating these to all personnel involved in the financial reporting process.

It has therefore drawn up the "Accounting Policy Manual (PGC)" and the "Accounting Policy Manual (IFRS)", internal documents which outline all procedures and the accounting policies required for performing accounting estimates and preparing the Company's Individual and Consolidated Financial Statements and Annual Accounts, to ensure that these provide a true and fair view of its equity, financial position, results of operations, changes in net equity and changes in cash flows. Those employees involved in the process are informed of any updates to the policies via the Intranet.

**F.4.2 Mechanisms in standard format for the capture and preparation of financial information, which are applied and used in all units within the Entity or Group, and support its main financial statements and accompanying notes as well as disclosures concerning ICFR.**

The preparation, review and approval of all financial information in standard format is regulated by the "Period-end procedures for the Individual Financial Statements and Annual Accounts" and the "Period-end procedures for the Consolidated Financial Statements and Annual Accounts", as well as the "Accounting Policy Manual (PGC)" and the "Accounting Policy Manual (IFRS)", which serve as guides to carrying out these tasks.

Furthermore there is a specific mechanism for the process of preparing the annual accounts and accompanying notes, where the Audit and Compliance Committee, as a Board Committee, takes on a special relevance, overseeing this process (e.g. monitoring the supervision work of the Internal Audit unit, being cognisant of the internal control over financial reporting system (ICFR) as well monitoring the work performed by the external auditor) before the annual accounts are certified by the Board of Directors. The functions of the Audit and Compliance Committee in this regard are detailed in article 8 of the "Regulations of the Audit and Compliance Committee of Enagás, S.A."

The Group has an IT tool to record and treat all financial information which satisfies the needs of both individual and consolidated reporting.

#### **F.5. Monitoring of the system.**

Indicate the existence of at least the following components, describing their main characteristics:

- F.5.1 The ICFR monitoring activities undertaken by the audit committee and an internal audit function whose competencies include supporting the audit committee in its role of monitoring the internal control system, including ICFR. Describe the scope of the ICFR assessment conducted in the year and the procedure for the person in charge to communicate its findings. State also whether the company has an action plan specifying corrective measures for any flaws detected, and whether it has taken stock of their potential impact on its financial information.

In this context, one of Enagás' top priorities is to take a proactive, and thereby preventive role during a phase of constantly overseeing the model, to ensure that the model is updated and aligned with both the business and the best regulatory practices.

Constant analysis of and follow up of ICFR, detecting possible flaws and making sure the corresponding improvements and adjustments are achieved by taking the following measures:

- A regular evaluation of the design and effectiveness of current anti-fraud programmes and controls. Its scope and frequency depends on the importance of the associated risk and the demonstrated effectiveness of the controls in place.
- The participation of the Internal Audit Department, through the supervision functions attributed by the ICFR model through the "General Internal Audit Regulations", the "Enagás Group ICFR Manual" and the "Regulations of the Audit and Compliance Committee of Enagás, S.A."
- Effective supervision by the Audit and Compliance Committee, relative to overall control of the ICFR model, delegated by the Board of Directors, and instrumented by Internal Audit.
- Reporting on weaknesses found, taking corrective measures to solve them, establishing mechanisms to track them and assigning the necessary resources to achieve them, according to the instructions in the "Enagás Group ICFR Manual".
- Finally, once finalised, and subsequent to the implementation of the proposed measures, a design and final validation process will be undertaken, which will eventually be incorporated into the ICFR model.

Key throughout this oversight process is the function of Internal Audit which, as set out in the "General Internal Audit Regulations", is responsible for:

- Collaborating with the Audit and Compliance Committee in fulfilling its duties, particularly with regard to the supervision of the internal control system and the risk control and management process, to relations with the external auditor and to supervision of the financial information preparation process. Regarding relations with the external auditor, there is an Accounts Auditor Contracting and Relationship Procedure, which will be monitored for the maintenance of an objective, professional and continuous relationship with the auditor of the Company, respecting at all times its independence.

- Participating in the review of the Internal Control over Financial Reporting (ICFR) system established by the company for its subsequent certification.

In order to ensure that these objectives are met, there is an "Internal Audit Annual Plan", which is overseen and approved by the Audit and Compliance Committee, and includes a review of the ICFR system.

In this regard, the Group's management conducted an internal assessment of the ICFR system and concluded that the system in place for Enagás, S.A. and Subsidiaries at December 31, 2019 is effective and contains no significant deficiencies.



- F.5.2 If a discussion procedure is in place, whereby the auditor (pursuant to TAS), the internal audit function and other experts can report any significant internal control weaknesses encountered during their review of the annual accounts or other assignments, to the company's senior management and its audit committee or board of directors. State also whether the entity has an action plan to correct or mitigate the weaknesses found.

Article 8 of the Regulations of the Audit and Compliance Committee of Enagás, S.A. details the objectives and functions of the Committee, including "[...] liaise with the external auditors to obtain information on any issues that could compromise the latter's independence. Specifically, the discrepancies that may arise between the auditor of accounts and Company management, for review by the Committee, and any other discrepancies relating to the audit process, as well as the possible safeguard measures to be adopted, discussing the significant weaknesses detected in internal control with the auditor of accounts, and never jeopardising the independence of the audit, concluding on the level of confidence and reliability of the system [...]".

The Committee is also in charge of supervising compliance with the "Internal Code of Conduct in matters relating to Enagás' Securities Markets". The reports on the activities of the Audit and Compliance Committee contain important information about communication procedures and the conclusions reached at the end of each year.

**F.6. Other relevant information.**

There is no other relevant information regarding ICFR at the Group to add to that which we have provided above.

**F.7. External auditor report.**

State whether:

- F.7.1 The ICFR information supplied to the market has been reviewed by the external auditor, in which case the corresponding report should be attached. Otherwise, explain the reasons for the absence of this review.

The Group has voluntarily subjected its ICFR to review since 2008. All reviews have been carried out by the accounts auditor of Enagás, S.A. and Subsidiaries.

The report for 2019 is attached.

**G. DEGREE OF IMPLEMENTATION OF CORPORATE GOVERNANCE RECOMMENDATIONS**

Indicate the degree of the company's compliance with the recommendations of the good governance code of listed companies.

Should the company not comply with any of the recommendations or comply only in part, include a detailed explanation of the reasons so that shareholders, investors and the market in general have enough information to assess the company's behaviour. General explanations are not acceptable.

1. The Articles of Association of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

Compliant [  ]

Explain [  ]

Additional Provision 31 of Law 34/1998, of October 7, on the Hydrocarbons Sector, in force since the enactment of Act 12/2011, of May 27, governing civil liability for nuclear damage or damage caused by radioactive materials, specifies in section 2 that:

"No natural or legal person may hold, directly or indirectly, an interest in the parent company (ENAGÁS, S.A.) representing more than 5% of share capital or exercise more than 3% of its voting rights. Under no circumstances may such shareholdings be syndicated. Any party operating within the gas sector, including natural or legal persons that directly or indirectly own equity holdings in the former of more than 5%, may not exercise voting rights over 1%. These restrictions do not apply to direct or indirect interests held by public sector enterprises. Under no circumstances may share capital be syndicated. Likewise, the combined total of direct or indirect holdings owned by parties that operate within the natural gas sector may not exceed 40%.

For the purposes of calculating the stake in that shareholding structure, in addition to the shares or other securities held or acquired by entities belonging to its same group, as defined by article 4 of Act 24/1988, dated July 28, on the Securities Market, stakes shall be attributed to one and the same natural or legal person when they are owned by:

a) Those parties who act in their own name but on behalf of that natural or legal person in a concerted fashion or forming a decision-making unit with them. Unless proven otherwise, the members of a governing body shall be presumed to act on account of or in concert with that legal person.

b) Partners with those with which one of them exercises control over a dominant company in accordance with article 4 of Securities Market Act 24/1988, of July 28.

In any event, regard shall be had to the proprietary ownership of the shares and other securities and the voting rights attached to each.

Non-compliance with the limit on interests in the share capital referred to in this article shall be deemed a very serious breach in accordance with the terms set out in Article 109 of this Law. Responsibility shall lie with the natural or legal persons found to be the owners of the securities or whoever the excess interest in the share capital or in the voting rights can be attributed to, pursuant to the provisions of the preceding paragraphs. Whatever the case, the penalty system stipulated herein will apply.

Enagás, S.A. may not transfer the shares of the subsidiaries carrying out regulated activities to third parties."

Meanwhile, section 3 of Additional Provision 31 of this law states that:

"The restrictions of shareholding percentages and non-transfer of the shares referred to in this provision are not applicable to other subsidiaries that ENAGÁS, S.A. may constitute for business activities other than transmission, regulated by Article 66 of Law 34/1998, of October 7, on the Hydrocarbons Sector, management of the transmission network and technical management of the Spanish gas system".

Meanwhile, article 6 bis of the company's Articles of Association ("Limitations on holdings in share capital") establishes that:

"No natural or legal person may hold a direct or indirect stake of more than 5% in the equity capital of the company, nor exercise voting rights in such company of over 3%. Under no circumstances may such shareholdings be syndicated. Those parties that operate within the gas sector, including those natural or legal persons that directly or indirectly possess equity holdings in the former of more than 5%, may not exercise voting rights in the company of over 1%. These restrictions do not apply to direct or indirect interests held by public sector enterprises. Under no circumstances may share capital be syndicated.

Likewise, the combined total of direct or indirect holdings owned by parties that operate within the natural gas sector may not exceed 40%.

For the purposes of calculating the stake in that shareholding structure, the Hydrocarbons Industry Act shall apply.

Enagás may not transfer to third parties shares of the subsidiaries included in its Group that undertake transmission and technical management of the system, which are regulated businesses under Hydrocarbons legislation."

2. When a dominant and subsidiary company are stock market listed, they should provide detailed disclosure on:
- a) The activity they engage in and any business dealings between them, as well as between the listed subsidiary with other group companies.
  - b) The mechanisms in place to resolve possible conflicts of interest.

Compliant [  ]      Partially compliant [  ]      Explain [  ]      Not applicable [  ]

3. During the annual general meeting the chairman of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, supplementing the written information circulated in the annual corporate governance report. In particular:
- a) Changes taking place since the previous annual general meeting.
  - b) The specific reasons for the company not following a given Good Governance Code recommendation, and any alternative procedures followed in its stead.

Compliant [  ]      Partially compliant [  ]      Explain [  ]

4. The company should draw up and implement a policy of communication and contacts with shareholders, institutional investors and proxy advisers that complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position.

This policy should be disclosed on the company's website, complete with details of how it has been put into practice and the identities of the relevant interlocutors or those charged with its implementation.

Compliant [  ]      Partially compliant [  ]      Explain [  ]

5. The board of directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20% of capital at the time of such delegation.

When the Board approves the issuance of shares or convertible securities without pre-emptive subscription rights, the company should immediately post a report on its website explaining the exclusion as envisaged in company legislation.

Compliant [  ]      Partially compliant [  ]      Explain [  ]

6. Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the ordinary general meeting, even if their distribution is not obligatory:

- a) Report on auditor independence.
- b) Reports of the operation of the audit committee and the appointments and remuneration committee.
- c) Report of the audit committee on related party transactions.
- d) Report on corporate social responsibility policy.

Compliant [ X ]      Partially compliant [ ]      Explain [ ]

7. The company should broadcast its general meetings live on the corporate website.

Compliant [ X ]      Explain [ ]

8. The audit committee should strive to ensure that the board of directors can present the company's accounts to the general meeting without limitations or qualifications in the auditor's report. In the exceptional case that qualifications exist, both the chairman of the audit committee and the auditors should give a clear account to shareholders of their scope and content.

Compliant [ X ]      Partially compliant [ ]      Explain [ ]

9. The company should disclose its conditions and procedures for admitting share ownership, the right to attend general meetings and the exercise or delegation of voting rights, and display them permanently on its website.

Such conditions and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

Compliant [ X ]      Partially compliant [ ]      Explain [ ]

10. When an accredited shareholder exercises the right to supplement the agenda or submit new proposals prior to the general meeting, the company should:
- a) Immediately circulate the supplementary items and new proposals.
  - b) Disclose the model of attendance card or proxy appointment or remote voting form duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the board of directors.
  - c) Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the Board of Directors, with particular regard to presumptions or deductions about the direction of votes.
  - d) After the general meeting, disclose the breakdown of votes on such supplementary items or alternative proposals.
- Compliant [ X ]      Partially compliant [ ]      Explain [ ]      Not applicable [ ]
11. In the event that a company plans to pay for attendance at the general meeting, it should establish a general, long-term policy in this respect.
- Compliant [ ]      Partially compliant [ ]      Explain [ ]      Not applicable [ X ]
12. The board of directors should perform its duties with unity of purpose and independent judgement, affording the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interests, understood as the creation of a profitable business that promotes its sustainable success over time, while maximising its economic value.
- In pursuing the corporate interest, it should not only abide by laws and regulations and conduct itself according to principles of good faith, ethics and respect for commonly accepted customs and good practices, but also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, customers and other stakeholders, as well as with the impact of its activities on the broader community and the natural environment.
- Compliant [ X ]      Partially compliant [ ]      Explain [ ]
13. The board of directors should have an optimal size to promote its efficient functioning and maximise participation. The recommended range is accordingly between five and fifteen members.
- Compliant [ X ]      Explain [ ]

14. The board of directors should approve a director selection policy that:

- a) Is concrete and verifiable.
- b) Ensures that appointment or re-election proposals are based on a prior analysis of the board's needs.
- c) Favours a diversity of knowledge, experience and gender.

The results of the prior analysis of board needs should be written up in the appointments committee's explanatory report, to be published when the general shareholders' meeting is convened that will ratify the appointment and re-election of each director.

The director selection policy should pursue the goal of having at least 30% of total board places occupied by female directors before the year 2020.

The appointments committee should run an annual check on compliance with the director selection policy and set out its findings in the annual corporate governance report.

Compliant  Partially compliant  Explain

15. Proprietary and independent directors should constitute an ample majority on the board of directors, while the number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.

Compliant  Partially compliant  Explain

16. The percentage of proprietary directors out of all non-executive directors should not be greater than the proportion between the ownership stake of the shareholders they represent and the remainder of the company's capital.

This criterion can be relaxed:

- a) In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings.
- b) In companies with a plurality of shareholders represented on the board but not otherwise related.

Compliant  Explain

17. Independent directors should be at least half of all board members.

However, when the company does not have a large market capitalisation, or when a large cap company has shareholders individually or concertedly controlling over 30% of capital, independent directors should occupy, at least, a third of Board places.

Compliant  Explain

18. Companies should disclose the following director particulars on their websites and keep them regularly updated:

- a) Background and professional experience.
- b) Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.
- c) Statement of the Director class to which they belong, in the case of proprietary directors indicating the shareholder they represent or have links with.
- d) Dates of their first appointment as a board member and subsequent re-elections.
- e) Shares held in the company, and any options on the same.

Compliant  Partially compliant  Explain

19. The annual corporate governance report, with prior verification by the appointments, committee is to provide an explanation for the reasons proprietary directors were appointed at the behest of shareholders whose stake in the company is less than 3% of share capital, and reasons given for the rejections of formal requests for board representation from shareholders whose equity interest is equal to or greater than that of other shareholders who have successfully requested the appointment of proprietary directors.

Compliant  Partially compliant  Explain  Not applicable

20. Proprietary directors are to submit their resignation when the shareholder whom they represent fully disposes of their stake. They shall also do so, in the appropriate number, when that shareholder reduces their stake to a level requiring a reduction in the number of its proprietary directors.

Compliant  Partially compliant  Explain  Not applicable

21. The board of directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the articles of association, except where just cause is found by the board, based on a report from the appointments and remuneration committee. In particular, it shall be understood that there is just cause when the director takes on new offices or assumes new obligations that prevent him from devoting the time necessary to perform the duties of the office of director, breaches the duties inherent to his position or is affected by one of the circumstances that cause him to lose his independent status in accordance with the provisions of applicable law.

The removal of independent directors may also be proposed as a consequence of offers for the takeover, merger or similar corporate actions affecting the company that may involve a change in the company's capital structure, whenever such changes in the board of directors arise under application of the proportionality criterion pointed out in Recommendation 16.

Compliant [ X ]      Explain [ ]

22. Companies are to stipulate rules obliging directors to inform of and, as the case may be, resign in situations that may harm the credit and reputation of the company. In particular, they are to inform the Board of Directors of any criminal cases for which they are under indictment, and of their subsequent legal proceedings.

If a director is indicted or tried for any of the crimes stated in the corporate legislation, the board shall examine the matter and, in view of the particular circumstances, decide whether or not the director shall be called on to resign. The board of directors is to provide a reasoned account of such events in the annual corporate governance report.

Compliant [ X ]      Partially compliant [ ]      Explain [ ]

23. All directors are to clearly express their opposition when they consider that any proposal subject to the decision of the board of directors may be detrimental to corporate interests. The independent directors and other directors who are not affected by the potential conflict of interest are to voice their opposition in a special manner whenever such decisions may be of detriment to shareholders not represented on the board of directors.

When the board makes material or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

The terms of this recommendation also apply to the secretary of the board, even if he or she is not a director.

Compliant [ ]      Partially compliant [ ]      Explain [ ]      Not applicable [ X ]



24. Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the board. Whether or not such resignation is disclosed as a material event, the motivating factors should be explained in the annual corporate governance report.

Compliant  Partially compliant  Explain  Not applicable

25. The appointments committee should ensure that non-executive directors have sufficient time available to discharge their responsibilities effectively.

The board of directors regulations should lay down the maximum number of company boards on which directors can serve.

Compliant  Partially compliant  Explain

26. The board should meet with the necessary frequency to properly perform its functions, eight times a year at least, in accordance with a calendar and agendas set at the start of the year, to which each Director may propose the addition of initially unscheduled items.

Compliant  Partially compliant  Explain

27. Director absences should be kept to a strict minimum and quantified in the annual corporate governance report. In the event of absence, directors should delegate their powers of representation with the appropriate instructions.

Compliant  Partially compliant  Explain

28. When directors or the secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, they should be recorded in the minute book if the person expressing them so requests.

Compliant  Partially compliant  Explain  Not applicable

29. The company should provide suitable channels for directors to obtain the advice they need to carry out their duties, extending if necessary to external assistance at the company's expense.

Compliant  Partially compliant  Explain

30. Regardless of the knowledge directors must possess to carry out their duties, they should also be offered refresher programmes when circumstances so advise.

Compliant  Explain  Not applicable

31. The agendas of board meetings should clearly indicate on which points directors must arrive at a decision, so they can study the matter beforehand or gather together the material they need.

For reasons of urgency, the chairman may wish to present decisions or resolutions for board approval that were not on the meeting agenda. In such exceptional circumstances, their inclusion will require the express prior consent, duly reported/recorded in the minutes, of the majority of directors present.

Compliant  Partially compliant  Explain

32. Directors should be regularly informed of movements in share ownership and of the views of major shareholders, investors and rating agencies on the company and its group.

Compliant  Partially compliant  Explain

33. The chairman, as the person charged with the efficient functioning of the board of directors, in addition to the functions assigned by law and the company's articles of association, should prepare and submit to the board a schedule of meeting dates and agendas; organise and coordinate regular evaluations of the board and, where appropriate, the company's chief executive officer; exercise leadership of the board and be accountable for its proper functioning; ensure that sufficient time is given to the discussion of strategic issues, and approve and review refresher courses for each director, when circumstances so advise.

Compliant  Partially compliant  Explain

34. When an independent leading director has been appointed, the articles of association or board of directors regulations should grant him or her the following powers over and above those conferred by law: chair the board of directors in the absence of the chairman or vice chairman give voice to the concerns of non-executive directors; maintain contacts with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those that have to do with the company's corporate governance; and coordinate the chairman's succession plan.

Compliant  Partially compliant  Explain  Not applicable

35. The board secretary should strive to ensure that the board's actions and decisions are informed by the governance recommendations of the good governance code of relevance to the company.

Compliant  Explain

36. The board in full should conduct an annual evaluation, adopting, where necessary, an action plan to correct weakness detected in:
- a) The quality and efficiency of the board's operation.
  - b) The performance and membership of its committees.
  - c) The diversity of board membership and competences.
  - d) The performance of the chairman of the board of directors and the company's chief executive.
  - e) The performance and contribution of individual directors, with particular attention to the chairman of board committees.

The evaluation of board committees should start from the reports they send the board of directors, while that of the board itself should start from the report of the appointments committee.

Every three years, the board of directors should engage an external facilitator to aid in the evaluation process. This facilitator's independence should be verified by the appointments committee.

Any business dealings that the facilitator or members of its corporate group maintain with the company or members of its corporate group should be detailed in the annual corporate governance report.

The process followed and areas evaluated should be detailed in the annual corporate governance report.

Compliant  Partially compliant  Explain

37. When an executive committee exists, its membership mix by director class should resemble that of the board. The secretary of the board should also act as secretary to the executive committee.

Compliant  Partially compliant  Explain  Not applicable

38. The board should be kept fully informed of the business transacted and decisions made by the executive committee. To this end, all board members should receive a copy of the committee's minutes.

Compliant  Partially compliant  Explain  Not applicable

39. All members of the audit committee, particularly its chairperson, should be appointed with regard to their knowledge and experience in accounting, auditing and risk management matters. A majority of committee places should be held by independent directors.

Compliant  Partially compliant  Explain

40. Listed companies should have a unit in charge of the internal audit function, under the supervision of the audit committee, to monitor the effectiveness of reporting and control systems. This unit should report functionally to the board's non-executive chairman or the chairman of the audit committee.

Compliant [ X ]

Partially compliant [ ]

Explain [ ]

41. The head of the unit handling the internal audit function should present an annual work programme to the audit committee, inform directly of any incidents arising during its implementation and submit an activities report at the end of each year.

Compliant [ X ]

Partially compliant [ ]

Explain [ ]

Not applicable [ ]

42. The audit committee should have the following functions over and above those legally assigned:

1. With respect to internal control and reporting systems:
  - a) Monitor the preparation and the integrity of the financial information prepared on the company and, where appropriate, the group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.
  - b) Monitor the independence of the unit handling the internal audit function; propose the selection, appointment, re-election and removal of the head of the internal audit service; propose the service's budget; approve its priorities and work programmes, ensuring that it focuses primarily on the main risks the company is exposed to; receive regular report-backs on its activities; and verify that senior management is acting on the findings and recommendations of its reports.
  - c) Establish and supervise a mechanism whereby staff can report, confidentially and, if appropriate and feasible, anonymously, any significant irregularities that they detect in the course of their duties, in particular financial or accounting irregularities.
2. With regard to the external auditor:
  - a) In the event of resignation of any external auditor, the committee should investigate the issues giving rise to the resignation.
  - b) Ensure that the remuneration of the external auditor does not compromise its quality or independence.
  - c) Ensure that the company notifies any change of external auditor to the CNMV as a material event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.
  - d) Ensure that the external auditor has a yearly meeting with the board in full to inform them of the work undertaken and developments in the company's risk and accounting positions.
  - e) Ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.

Compliant [ X ]

Partially compliant [ ]

Explain [ ]

43. The audit committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

Compliant [ X ]

Partially compliant [ ]

Explain [ ]

44. The audit committee should be informed of any fundamental changes or corporate transactions the company is planning, so the committee can analyse the operation and report to the board beforehand on its economic conditions and accounting impact and, when applicable, the exchange ratio proposed.

Compliant  Partially compliant  Explain  Not applicable

45. The risk control and management policy should identify at least:

- a) The different types of financial and non-financial risk the company is exposed to (including operational, technological, legal, social, environmental, political and reputational risks), with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks.
- b) The determination of the risk level the company sees as acceptable.
- c) The measures in place to mitigate the impact of risk events should they occur.
- d) The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

Compliant  Partially compliant  Explain

46. That under the direct supervision of the audit committee or, as the case may be, of a specialized committee of the board of directors, there is an internal function of risk control and management exercised by a unit or internal department of the company that has been assigned expressly the following functions:

- a) Ensure the proper functioning of the risk control and management systems and, in particular, that all important risks affecting the company are identified, managed and quantified adequately.
- b) Participating actively in the preparation of risk strategies and in key decisions about their management.
- c) Ensure that risk control and management systems mitigate risks adequately within the framework of the policy defined by the board of directors.

Compliant  Partially compliant  Explain

47. Members of the appointments and remuneration committee - or of the appointments committee and remuneration committee, if separately constituted - should have the right balance of knowledge, skills and experience for the functions they are called on to perform. The majority of their members should be independent directors.

Compliant  Partially compliant  Explain

48. Large cap companies should operate separately constituted appointments committees and remuneration committees.

Compliant [  ]

Explain [  ]

Not applicable [  ]

The amendments to the Articles of Association proposed by the Board of Directors for the 2015 General Shareholders' Meeting included the amendment to article 45 to allow the split of the Appointments, Remuneration and CSR Committee into two separate committees.  
The Board of Directors will study the opportunity to separate the Appointments, Remuneration and CSR Committee into two separate committees.

49. The appointments committee should consult with the board's chairman and chief executive officer, especially on matters relating to executive directors.

When there are vacancies on the board, any director may approach the appointments committee to propose candidates that it might consider suitable.

Compliant [  ]

Partially compliant [  ]

Explain [  ]

50. The remuneration committee should operate independently and have the following functions in addition to those assigned by law:

- a) Propose to the board the standard conditions for senior managers contracts.
- b) Monitor compliance with the remuneration policy set by the company.
- c) Periodically review the remuneration policy for directors and senior managers, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to other directors and senior managers in the company.
- d) Ensure that possible conflicts of interest do not undermine the independence of any external advice offered to the committee.
- e) Verify the information on remuneration of directors and senior management contained in the various corporate documents, including the annual report on directors' remuneration.

Compliant [  ]

Partially compliant [  ]

Explain [  ]

51. The remuneration committee should consult with the chairman and chief executive, especially on matters relating to executive directors and senior managers.

Compliant [  ]

Partially compliant [  ]

Explain [  ]

52. The terms of reference of supervision and control committees should be set out in the board of directors regulations and aligned with those governing legally mandatory board committees as specified in the preceding sets of recommendations. They should include at least the following terms:
- a) Committees should be formed exclusively by non-executive directors, with a majority of independents.
  - b) Committees should be chaired by an independent director.
  - c) The board should appoint the members of such committees with regard to the knowledge, skills and experience of its directors and each committee's terms of reference; discuss their proposals and reports; and provide report backs on their activities and work at the first board plenary following each committee meeting.
  - d) They may engage external advice, when they feel it necessary for the discharge of their functions.
  - e) Meeting proceedings should be recorded/notified in the minutes and a copy made available to all board members.

Compliant [ X ]

Partially compliant [ ]

Explain [ ]

Not applicable [ ]



53. The task of supervising compliance with corporate governance rules, internal codes of conduct and corporate social responsibility policy should be assigned to one board committee or split between several, which could be the audit committee, the appointments committee, the corporate social responsibility committee, where one exists, or a dedicated committee established ad hoc by the BOARD under its powers of self-organisation, with at the least the following functions:
- a) Monitor compliance with the company's internal codes of conduct and corporate governance rules.
  - b) Oversee the communication and relations strategy with shareholders and investors, including small and medium-sized shareholders.
  - c) Periodically evaluate the effectiveness of the company's corporate governance system, to confirm that it is fulfilling its mission to promote the corporate interest and catering, as appropriate, to the legitimate interests of remaining stakeholders.
  - d) Review the company's corporate social responsibility policy, ensuring that it is geared to value creation.
  - e) Monitor corporate social responsibility strategy and practices and assess their degree of compliance.
  - f) Monitor and assess the processes of liaising with different stakeholders.
  - g) Evaluate all aspects of the non-financial risks the company is exposed to, including operational, technological, legal, social, environmental, political and reputational risks.
  - h) Coordinate non-financial and diversity reporting processes in accordance with applicable legislation and international benchmarks.

Compliant [ X ]

Partially compliant [ ]

Explain [ ]

54. The corporate social responsibility policy should state the principles or commitments the company will voluntarily adhere to in its dealings with stakeholder groups, specifying at least:

- a) The goals of its corporate social responsibility policy and the support instruments to be deployed.
- b) The corporate strategy with regard to sustainability, the environment and social issues.
- c) Specific practices in matters related to: shareholders, employees, customers, suppliers, social welfare issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of illegal conducts.
- d) The methods or systems for monitoring the results of the practices referred to above, and identifying and managing related risks.
- e) The mechanisms for supervising non-financial risk, ethics and business conduct.
- f) Channels for stakeholder communication, participation and dialogue.
- g) Responsible communication practices that prevent the manipulation of information and protect the company's honour and integrity.

Compliant [ X ]      Partially compliant [ ]      Explain [ ]

55. The company should report on corporate social responsibility developments in its Directors' report or in a separate document, using an internationally accepted methodology.

Compliant [ X ]      Partially compliant [ ]      Explain [ ]

56. Director remuneration should be sufficient to attract individuals with the desired profile and compensate the commitment, abilities and responsibility that the post demands, but not so high as to compromise the independent judgement of non-executive directors.

Compliant [ X ]      Explain [ ]

57. Variable remuneration linked to the company and the director's performance, the award of shares, options or any other right to acquire shares or to be remunerated on the basis of share price movements, and membership of long-term savings schemes such as pension plans should be confined to executive directors.

The company may consider the share-based remuneration of non-executive directors provided they retain such shares until the end of their mandate. The above condition will not apply to any shares that the director must dispose of to defray costs related to their acquisition.

Compliant [ X ]      Partially compliant [ ]      Explain [ ]

58. In the case of variable awards, remuneration policies should include limits and technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, or circumstances of that kind.

In particular, variable remuneration items should meet the following conditions:

- a) Be subject to predetermined and measurable performance criteria that factor the risk assumed to obtain a given outcome.
- b) Promote the long-term sustainability of the company and include non-financial criteria that are relevant for the company's long-term value, such as compliance with its internal rules and procedures and its risk control and management policies.
- c) Be focused on achieving a balance between the delivery of short-, medium- and long-term objectives, such that performance-related pay rewards ongoing achievement, maintained over sufficient time to appreciate its contribution to long-term value creation. This will ensure that performance measurement is not based solely on one-off, occasional or extraordinary events.

Compliant [ X ]      Partially compliant [ ]      Explain [ ]      Not applicable [ ]

59. A major part of variable remuneration components should be deferred for a long enough period to ensure that predetermined performance criteria have effectively been met.

Compliant [ X ]      Partially compliant [ ]      Explain [ ]      Not applicable [ ]

60. Remuneration linked to company earnings should bear in mind any qualifications stated in the external auditor's report that reduce their amount.

Compliant [ X ]      Partially compliant [ ]      Explain [ ]      Not applicable [ ]

61. A major part of executive directors' variable remuneration should be linked to the award of shares or financial instruments whose value is linked to the share price.

Compliant [ X ]      Partially compliant [ ]      Explain [ ]      Not applicable [ ]

62. Following the award of shares, share options or other rights on shares derived from the remuneration system, directors should not be allowed to transfer a number of shares equivalent to twice their annual fixed remuneration, or to exercise the share options or other rights on shares for at least three years after their award.

The above condition will not apply to any shares that the director must dispose of to defray costs related to their acquisition.

Compliant [  ]      Partially compliant [  ]      Explain [  ]      Not applicable [  ]

The General Shareholders' Meeting held on March 29, 2019 passed a three-year long-term incentive plan (2019-2021), to be paid in 2021, based on the fulfilment of the objectives and metrics established in the plan. For executive directors, this incentive may result, at most, in the delivery of shares representing 150% of their annual remuneration (50% per year). This is the second long-term incentive provided by the company in years and is for a limited amount. When other plans are adopted, the limit proposed in this recommendation (of not transferring shares equivalent to twice their annual fixed remuneration) will be considered.

63. Contractual arrangements should include provisions that permit the company to reclaim variable components of remuneration when payment was out of step with the director's actual performance or based on data subsequently found to be misstated.

Compliant [  ]      Partially compliant [  ]      Explain [  ]      Not applicable [  ]

64. Termination payments should not exceed a fixed amount equivalent to two years of the director's total annual remuneration and should not be paid until the company confirms that said director has met the predetermined performance criteria.

Compliant [  ]      Partially compliant [  ]      Explain [  ]      Not applicable [  ]

**H. OTHER INFORMATION OF INTEREST**

---

1. If you consider that there is any material aspect or principle relating to corporate governance practices followed by your company that has not been addressed in this report and which is necessary to provide a more comprehensive view of the corporate governance structure and practices at the company or group, explain briefly.

2. You may include in this section any other information, clarification or observation related to the above sections of this report.

Specifically, indicate whether the company is subject to corporate governance legislation from a country other than Spain and, if so, include the compulsory information to be provided when different from that required by this report.

3. Also state whether the company voluntarily subscribes to other international, sectoral or other ethical principles or standard practices. If applicable identify the Code and date of adoption. In particular, it will mention whether or not it has adhered to the Code of Good Tax Practices, of July 20, 2010:

The Board of Directors of Enagás, S.A., unanimously agreed to the Company signing up to the Code of Good Tax Practices, promoted by the Large Companies Forum and the AEAT. The company joined on April 21, 2017 and the Company complies with its contents.

This report includes the following Appendices in an attached document.

APPENDIX I. - Explanatory notes.

APPENDIX II.- Report on the Activities of the Audit and Compliance Committee, 2019.

APPENDIX III.- Audit opinion on Internal Control over Financial Reporting ("ICFR"), 2019.

APPENDIX IV.- Audit opinion on the Annual Corporate Governance Report, 2019.

APPENDIX V.- Annual Corporate Governance Report, 2019 (English version).

This annual corporate governance report was approved by the company's Board of Directors at its meeting held on:

[ 17/02/2020 ]

List whether any directors voted against or abstained from voting on the approval of this Report.

[ ] Yes

[ v ] No

## **H. OTHER INFORMATION OF INTEREST:**

### **APPENDIX I,**

### **EXPLANATORY NOTES**

#### **EXPLANATORY NOTE ON SECTION A.2.**

The list of direct and indirect holders of significant stakes set out in section A.2 of this Report includes those significant shareholders who on December 31, 2019 qualified as such in the relevant Official Register of the CNMV. The foregoing is independent of the question of whether or not the issuer received timely notice from any relevant shareholder in pursuance of Article 23 of Royal Decree 1362/2007, of October 19.

#### **EXPLANATORY NOTE ON SECTION A.3.-**

The table for this section uses information published in the Official Registers of the CNMV, in accordance with the communication filed by the Company's Directors.

#### **EXPLANATORY NOTE ON SECTION A.5.-**

Regarding dividends paid by Enagás to the significant shareholders referred to in section A.5 of this Report, note:

On July 3, 2019, Enagás paid **BANK OF AMERICA CORPORATION** a final dividend for 2018 of 7,920 thousands of euros, as approved by the General Shareholders' Meeting. Additionally, in December 2019, a 5,522 thousands of euros interim dividend against 2019 earnings was paid. Therefore, the total dividend paid stands at 13,442 thousands of euros.

On July 3, 2019, Enagás paid **SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES ("SEPI")** a final dividend for 2018 of 10,958 thousands of euros, as approved by the General Shareholders' Meeting. Additionally, in December 2019, a 7,639 thousands of euros interim dividend against 2019 earnings was paid. Therefore, the total dividend paid stands at 18,598 thousands of euros.

On July 3, 2019, Enagás paid **BLACKROCK INC** a final dividend for 2018 of 7,416 thousands of euros, as approved by the General Shareholders' Meeting. Additionally, in December 2019, a 5,171 thousands of euros interim dividend against 2019 earnings was paid. Therefore, the total dividend paid stands at 12,587 thousands of euros.

On July 3, 2019, Enagás paid **NORGES BANK**. a final dividend for 2018 of 6,329 thousands of euros, as approved by the General Shareholders' Meeting. Additionally, in December 2019, a 4,412 thousands of euros interim dividend against 2019 earnings was paid. Therefore, the total dividend paid stands at 10,741 thousands of euros.

On July 3, 2019, Enagás paid **STATE STREET CORPORATION** a final dividend for 2018 of 6,592 thousands of euros, as approved by the General Shareholders' Meeting. Additionally, in December 2019, a 4,595 thousands of euros interim dividend against 2019 earnings was paid. Therefore, the total dividend paid stands at 11,187 thousands of euros.

#### **EXPLANATORY NOTE ON SECTION A.6**

This refers to Mr Bartolomé Lora Toro as the natural person representative of the Director of the Sociedad Estatal de Participaciones Industriales (SEPI).

#### **EXPLANATORY NOTE ON SECTION A.8.-**

At the date of preparation of this report, the SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES (SEPI), in addition to having a seat on the Board, also had a significant holding (5%) in the share capital of Enagás, S.A.

SEPI cannot exercise control over Enagás, S.A. as it is not in any of the circumstances set out in Article 4 of the Spanish Securities Market Act 24/1988, of July 28 (hereinafter, "LMV").

Accordingly, no natural or legal person exercises or could exercise control over Enagás, S.A in accordance with Article 4 of the LMV.

#### **EXPLANATORY NOTE ON SECTION A.9.-**

On March 27, 2015, the General Shareholders' Meeting authorised the Board of Directors to buy its own shares for a maximum of 5 years.

On March 29, 2019, the General Shareholders' Meeting approved a long-term incentive plan for 2019-2021 ("ILP 2019-2021") which included the delivery of shares to the Executive Directors, the members of the Management Committee and senior management of the Company and its group of companies, and April 23, 2019, the Board of Directors approved the Long-Term Incentive Regulations which established the standards for the application of the aforementioned plan.

Pursuant to the foregoing and in accordance with the company's treasury share policy approved by the Board of Directors on April 18, 2016, the Board approved a programme to buy back own shares on April 23, 2019, allowing the purchase of a maximum of 405,084 shares under the programme. The repurchase was entrusted to a financial intermediary of recognised

competence to do so on behalf of the company, independently and without its influence.

In execution of the above, the company proceeded to repurchase the maximum number permitted under the repurchase plan approved on April 23, 2019, which, added to the remaining shares (96,862) resulting from the settlement of the previous ILP 2016-2018, giving a current figure of 501,946 own shares.

#### **EXPLANATORY NOTE ON SECTION A.12.-**

Further text of section 2 of the 31 additional provision of the Hydrocarbons Sector Law 34/1998, of October 7 (hereinafter, also called "LSH"):

(...) "For the purposes of calculating the stake in that shareholding structure, in addition to the shares or other securities held or acquired by entities belonging to its same group, as defined by Article 4 of Act 24/1988, of July 28, on the Securities Market, stakes shall be attributed to one and the same natural or legal person when they are owned by:

a) Those parties who act in their own name but on behalf of that natural or legal person in a concerted fashion or forming a decision-making unit with them. Unless proven otherwise, the members of a governing body shall be presumed to act on account of or in concert with that legal person.

b) To partners with whom it exercises control over a dominant company in accordance with Article 4 of the LMV".

In any event, regard shall be had to the proprietary ownership of the shares and other securities and the voting rights attached to each.

Non-compliance with the limit on interests in the share capital referred to in this Article shall be deemed a very serious breach in accordance with the terms set out in Article 109 of this Law. Responsibility shall lie with the natural or legal persons found to be the owners of the securities or whoever the excess interest in the share capital or in the voting rights can be attributed to, pursuant to the provisions of the preceding paragraphs. Whatever the case, the penalty system stipulated herein will apply.

Enagás, S.A. may not transfer the shares of the subsidiaries carrying out regulated activities to third parties".

Meanwhile, section 3 of Additional Provision 31 of this law states that:

"The restrictions of shareholding percentages and non-transfer of the shares referred to in this provision are not applicable to other subsidiaries that ENAGÁS, S.A. may constitute for business activities other than transmission, regulated by Article 66 of Law 34/1998, of October 7, on the Hydrocarbons Sector, management of the transmission network and technical management of the national gas system".

Restrictions under the Company's Articles of Association:



In accordance with the aforementioned legal provision, Article 6 bis of Enagás' Articles of Association ("Limitations on holdings in share capital") establishes that:

"No natural or legal person may hold a direct or indirect stake of more than 5% in the equity capital of the company, nor exercise voting rights in such company of over 3%. Under no circumstances may such shareholdings be syndicated. Those parties that operate within the gas sector, including those natural or legal persons that directly or indirectly possess equity holdings in the former of more than 5%, may not exercise voting rights in the Company of over 1%. These restrictions do not apply to direct or indirect interests held by public sector enterprises. Under no circumstances may share capital be syndicated.

Likewise, the combined total of direct or indirect holdings owned by parties that operate within the natural gas sector may not exceed 40%.

For the purposes of calculating the stake in that shareholding structure, the Hydrocarbons Industry Act shall apply.

Enagás may not transfer to third parties shares of the subsidiaries included in its Group that undertake transmission and technical management of the system, which are regulated businesses under Hydrocarbons legislation".

### **EXPLANATORY NOTE ON SECTION C.1.3.-**

In the table relating to External Proprietary Directors, in the SEPI profile, it lists its natural person representative as Mr Bartolomé Lora Toro.

### **EXPLANATORY NOTE ON SECTION C.1.9.-**

The Chief Executive Officer, Mr Marcelino Oreja Arburúa, has been delegated the following powers:

#### A) Jointly and severally.

1. Collect whatever is payable to him for any reason, in bills, cheques, promissory notes, or by deposit in a bank account, by public or private bodies in the European Union, other international organisations, by central, regional, provincial, local government authorities, executive agencies, government depositaries and, in general, by any private natural or legal person in the public or private sectors; establish and settle balances, determine the form of payment of amounts owed to the Company, grant extensions of deadlines, set payment terms and conditions; cash orders of payment from the central, regional or local government tax authorities, including receiving from central government tax offices or other agencies money in cash or any means that represents it and accept the refund of amounts paid in tax.

2. Represent the Company in dealings with third parties, whether natural or legal, public or private, and before all kinds of authorities, public officials, boards and collegiate bodies, chambers, committees, associations, public property registers, companies registers, or public registers of any other kind, trade unions, mutual insurance companies, executive or non-executive agencies, whether autonomous or otherwise, directorates, regional offices of any kind of central, regional, provincial or local government authorities and any other public entities of any level or jurisdiction, whether Spanish or otherwise, whatever their name or nature; exercise any rights, remedies, claims and defences relating to the Company; formulate petitions and in connection with all types of proceedings, file claims and appeals of any kind, including motions for reconsideration and appeals for review, in which the Company has an interest, either in proceedings initiated by the Company or in those of others that directly or indirectly affect the Company; file them, take part in the processing of them; formulate and respond to representations, propose and examine evidence; apply for stays and adjournments; discontinue and abandon or in any other way withdraw from them, at any stage of the proceedings; execute and enforce agreements, detachments and return of documents; request and respond to certificates and summonses, be they governmental, notarial or of any other nature; request certificates, depositions and authentic copies; take delivery from public authorities, including post and telegraph offices and customs officers, of all kinds of papers, objects, goods and consignments in general addressed to the company, executing any notarial instruments or documents under hand required for such withdrawal or dispatch.

3. Make formal appearances in representation of the Company before courts and tribunals of any branch or level, whether in the civil, criminal, administrative, social or labour or any other jurisdiction, and before any arbitrator or arbitration body, of all levels, both domestic and foreign, whatever their territorial scope, and before any other authority, justice system, prosecutor's office, boards, centres, offices, departments, panels, bodies and officers belonging to the judiciary and the administration of justice, of any branch and level, and before them make sworn or ordinary statements and respond to interrogatories in court under non-determinative oath; initiate, pursue and complete as principal, defendant, partner in joinder of parties, coadjutor or in any other capacity, all types of judicial proceedings before any jurisdiction; file, pursue and waive appeals of any kind, including governmental and administrative appeals, and motions for reconsideration, rehearing, appeals for review to the same or a higher court, applications to the Supreme Court on the ground of manifest injustice of a previous decision, appeals against refusal of leave to appeal, actions to have decisions declared void, appeals on the ground on lack of jurisdiction, actions for enforcement of rights or any other legally permitted ordinary or extraordinary appeals, and the abandonment, discontinuance or any other form of withdrawal from proceedings in which the Company has an interest, as well as all kinds of proceedings, including conciliation proceedings, with or without a pre-trial settlement, proceedings of voluntary jurisdiction, governmental, notarial, mortgage and tax proceedings and, accordingly, to bring, respond to and pursue through all their formalities and levels until their conclusion all kinds of actions, claims, complaints, criminal actions, accusations, pleas and defences, and exercise any other causes of action, ratifying them whenever personal ratification is required; choose venues and submit implicitly or explicitly to jurisdictions; give

evidence as a legal representative at any of the aforementioned proceedings, petition for stays of proceedings; make, request, receive and comply with summonses, notifications, citations and service of process; apply for joinders, attachments, cancellations, enforcements, dispossessions, filings, auctions of assets, statements and assessments of costs; raise issues of jurisdiction and preliminary issues; challenge witnesses; furnish and challenge evidence, waive evidence and the transfer of proceedings to another court; agree to favourable rulings; provide and withdraw payment bonds and deposits as and when required by the court; provide sureties, make judicial deposits and, in both cases, request they be refunded as and when appropriate, and execute and enforce court rulings.

4. Attend, speak and vote at meetings that are held in bankruptcy proceedings, whether fault-based or otherwise, and in temporary receivership proceedings and arrangements with creditors while they remain in force, approve and challenge creditors' claims and their ranking, appoint and accept appointments as receivers and administrators, appoint representatives; accept and reject debtors' proposals and appoint members of conciliation bodies.

5. Confer powers on court representatives and counsel, freely chosen by him, with general powers for litigation and special powers freely established in each case, including those of responding to interrogatories in court, reaffirming positions, withdrawing and abandoning actions, signing such public or private documents as may be necessary for the exercise of such powers.

6. Enter into contracts of any kind with central, regional, provincial and local government authorities and executive agencies and, in general, with any natural or legal person in the public or private sectors, including contracts for works, supplies and services (excluding regasification, gas transmission and storage, and gas supply contracts); arrange auctions, calls for bids, competitive tendering, direct procurement or any other legal form of procurement; sign proposals and procurement specifications, award contracts and accept contract awards, sign the related contracts and any public and private documents that may be required for their formalisation, fulfilment or performance and discharge.

7. Take the necessary steps to establish arrangements with central, regional, provincial and local government authorities and their agencies concerning all kinds of public prices, levies, whether they be charges, taxes or rates, that affect the Company, agree to such arrangements and for this purpose approve, agree to and sign any covenant, contract or accord referring thereto.

8. Buy, sell, lease, purchase under a preferential right, assign, subrogate, contribute, encumber, exchange unconditionally or subject to conditions, at a declared price, deferred or paid in cash, all kinds of goods and real estate; establish, accept, modify, acquire, dispose of, defer, terminate and cancel, fully or partially, payment bonds, pledges and other security interests in favour of third parties.

9. Lease property as the lessor or lessee thereof.

10. Enter into finance lease agreements, subject to such terms and conditions as he may freely determine.

11. Buy, sell, lease, purchase under a preferential right, assign, subrogate, contribute, encumber, exchange unconditionally or subject to conditions, at a declared price, deferred or paid in cash, all kinds of real estate; establish, accept, modify, acquire, dispose of, defer, terminate and cancel mortgages, easements and other rights in rem over real estate, whether of common law or foral law, and also prohibitions, conditions and all kinds of restrictions on real estate; provide real estate collateral guarantees in favour of third parties.

12. File declarations of construction and cultivation, definition and demarcation of boundaries, grouping together, aggregation, segregation and division of property, and organise buildings under condominium arrangements.

13. Apply for official franchises and authorisations, permits and licences, and complete all the formalities to obtain them, and to renew, amend or cancel them as may be necessary or appropriate.

14. Negotiate and establish with owners affected by future gas installations, whether or not there are compulsory purchase proceedings pending, the imposition of rights of way for pipelines and ancillary components and the purchase of land on which to install gas distribution and regulation chambers or other components that depend on or belong to the networks of the Company granting the power of attorney, arranging for this purpose such mutually agreed transactions, clauses and prices that he considers to be fair, and signing public and private documents of any kind, regardless of the amount involved, and cancel rights of way fully or partially.

15. Initiate any proceedings for compulsory purchase in which the Company has an interest, make formal appearances thereat and make the representations that he considers appropriate, request and conduct expert appraisals, request and receive compensation and, in general, participate in such proceedings in all formalities and appeals related thereto without limitation, executing and signing for the purpose public or private documents of any kind.

16. With regard to proceedings for compulsory purchase, imposition of rights of way and temporary occupation governed by the Law and Regulations on Compulsory Purchase that are instituted by the Company granting power of attorney for the construction of gas pipelines, networks and branches and ancillary installations, they may:

a) Formulate requests and petitions, request and respond to certificates and summonses of all kinds, request affidavits, certificates and certified copies in which the Company has an interest, in dealings with natural and legal entities in the public or private sectors, without any exception.

b) Make and withdraw deposits of any kind, including cash, at public entity depositaries of any kind and those held by natural or legal persons, at any of their offices and agencies.

c) Attend the drawing up of official records of facts and events prior to and after the completion of compulsory purchase actions.

d) Group together, aggregate, segregate and divide real estate, making the filings relating thereto with the relevant Property Registers.

e) Arrange for the imposition of rights of way and title restrictions and for the acquisition and occupation by mutual agreement of property and rights affected by the laying of gas pipelines, their networks and branches and ancillary installations, fixing prices and conditions.

f) Discharge or redeem any charges or liens affecting the properties, fixing the price and conditions of such redemption.

g) Authorise, and as appropriate, empower by granting power of attorney to such persons as he considers appropriate to represent the Company at the official recording of facts and events prior to and at the time of the occupation of properties affected by compulsory purchase proceedings.

17. Enter into contracts with any natural or legal persons in the public or private sectors for the long-term provision of services of regasification, transmission and storage, procurement of points of entry to the Company's gas system, gas supply and any other contract for the provision of services connected with the gas business and ancillary activities.

18. Enter into contracts with any natural or legal persons in the public or private sectors for the short-term provision of services of regasification, transmission and storage, procurement of points of entry to the Company's gas system, gas supply, connection to installations and any other contract for the provision of services connected with the gas business and ancillary activities.

19. Set up, merge, change the corporate form, dissolve and wind up, take part in the enlargement or modification, of any kind of companies, partnerships, Economic Interest Groupings, European Economic Interest Groupings and joint ventures, represent the Company in them, attend or take part in all kinds of meetings, holding office and appointing officers and representatives as he considers appropriate; contribute to commercial companies all kinds of assets, receiving in payment the relevant shares, equity interests, scrip certificates, convertible or non-convertible debentures, option rights or shares and, in the case of dissolution, the relevant assets. Establish share syndication agreements.

20. Apply for entries to be made at the Property and Companies Registers; send, receive and respond to summonses and notifications and request notarial certificates of all kinds, signing certificates of attendance and any other formality connected with them.

21. Apply for the registration of trademarks and trade names, patents of invention and introduction, utility models and other modalities of industrial property, or challenge and denounce any attempted or effective misappropriation of the name, trademarks and countersigns of Company products and counterfeits of them, initiating and pursuing the appropriate proceedings and making formal appearances in proceedings initiated by others, making statements, providing proof and petitioning as appropriate.

22. Acquire and dispose of intellectual and industrial property rights.

23. Organise, direct and inspect all of the Company's services and installations and verify audits of Company funds.

24. Hire and dismiss personnel employed by the Company, of whatever kind and category, appoint and remove them from their duties, stipulating their pay, duties and tasks, and the remuneration payable for extraordinary services.

25. Grant loans and credits to Company staff and agree subsequent renewals, alterations, subrogations and cancellations thereof.

26. Grant payment bonds and personal and in rem guarantees to Company staff as surety for the fulfilment of personal and mortgage loan contracts granted to Enagás personnel.

27. Negotiate and sign on behalf of the Company any kind of general or partial collective agreements and any other type of pact, agreement or arrangement with the Company staff, trade unions or administrative or judicial authorities that are competent in matters of labour and social security.

28. Issue any kind of certificates, identity cards and other documents with the details of Company staff that are contained in the company record books and files.

29. Sign all documentation to do with social security, accidents at work insurance, enrolments and dis-enrolments, filings and changes; initiate and pursue claims before the Spanish National Institute of Social Security and offices thereof, mutual insurance companies, benefit societies and insurance companies.

30. Make formal appearances and represent the Company in dealings with the regional traffic department and offices thereof, in order to register, transfer and scrap any type of vehicle belonging to the Company and to register and de-register them as appropriate.

31. Take delivery of letters, certificates, dispatches, parcels, postal orders and declared value items from communications offices, and of goods and property shipped from shipping companies, customs and agencies. Receive, open, answer and sign any kind of correspondence and keep the Company's books in accordance with the law.

32. Sign any public or private documents that may be necessary in order to jointly and severally exercise the powers granted hereunder as effectively as possible.

33. Request and obtain electronic signature certificates from authorised providers of certification services and use the electronic signature whenever he considers it appropriate in accordance, at all times, with the applicable rules on electronic signatures.

34. Grant such powers of attorney as he considers necessary, being able to confer each and every one of the aforementioned powers granted hereunder or part of them on such person or persons as he considers appropriate. He may also revoke the powers granted by the Board of Directors, by himself or by other Company bodies.

The powers included in this section must be exercised by Group B as legal representative, together with any of the authorised legal representatives in accordance with the following deeds executed before the Madrid Notary Public

Mr Pedro de la Herrán Matorras: (i) deed dated June 13, 2012 number 1,291 of the filing system, registered on Company sheet M-6113, entry 728; (ii) deed dated June 27, 2013, number 1,493 of the filing system, registered on Company Sheet M-6113, entry 752;-(iii) deed dated September 10, 2013, number 2,023 of the filing system registered on Company Sheet M-6113, entry 763; (iv) deed dated September 13, 2017, number 1,915 of the filing system, registered on Company Sheet M-6113, entry 816. The terms of these powers of attorney are as follows:

Jointly with another authorised signee from Group B or from I Group A, up to a limit of 30,000.000 C, except for power of attorney 12, which can be jointly executed for any amount with another I authorised signee from Group B or from Group C.

Jointly with another authorised signee from Group C up to a limit of 20,000,000 euros".

The aforementioned powers (be they joint and several, joint) cannot be exercised in one or more of the following circumstances exist, which are considered LIMITATIONS on the powers delegated here:

I. Making investments or transactions of any type that, due to their high amount or special characteristics, represent a strategic or special fiscal risk for the Company.

II. Creation or acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a similar type that, by their nature, might impair the transparency of the Company or the Group.

III. Performing transactions that the Company or the companies perform with the members of the Board of Directors under the terms set forth in Articles 229 and 230 of the Corporate Enterprise Act, or with shareholders who, individually or jointly with others, hold a significant stake, including shareholders represented on the Company's Board of Directors or the boards of other companies belonging to the same group or with persons associated with them.

However, this limitation will not be applicable in one of the following two cases:

A) When, in the opinion of the legal representative, there are urgent circumstances that require the transaction or make it advisable; or

B) When the transactions simultaneously meet the following three characteristics:

1st They are governed by standard form contracts applied on an across-the-board basis to a large number of customers.

2nd They go through at market. generally set by the person supplying the goods or services.

3rd Their amount does not exceed 1% of the Company's annual revenue.

IV. Carry out any action that, in accordance with the Corporate Enterprises Act, is a non-delegable power either of the Board of the Company or of the Board of Directors of the Company.

B) Jointly.

1. Enter into all types of banking arrangements including: factoring, leasing, lease financing, reverse factoring and any other similar banking arrangements with any Spanish or foreign bank, including the Bank of Spain and the branches thereof, the European Investment Bank, the Spanish Official Credit Institute, registered savings banks, savings banks, post office savings banks, the Confederation of Spanish Savings Banks, the General Deposit Fund or any other similar Spanish or foreign trading, transfer, exchange or credit institution.
2. Open, monitor, cancel or drawn down from ordinary current accounts or credit, sight or fixed-term deposit accounts, secured through a security interest, personal guarantee, pledged securities or trade notes, with or without a guarantee.
3. With regard to ordinary current accounts or credit, sight or fixed-term deposit accounts opened on behalf of the Company, write personal cheques, issue bank drafts, issue bank cheques, perform bank transfers or use any other accepted payment system or mechanism; pay in or withdraw voluntary or required amounts and deposits of cash or securities, signing any documentation required to perform such transactions.
4. Issue, cash, accept, endorse, receive, sign, intervene, challenge, pay and negotiate any type of bills of exchange, letters of credit, non-credit or credit facilities, promissory notes, cheques and other bank bills, commercial bills, bank giros or bills of exchange.
5. Obtain and award loans or credits, with or without collateral or personal guarantees, including the pledging of securities, and arrange subsequent renewals, amendments and subrogations. Acquire and extend credits.
6. Request, cancel and withdrawn personal and collateral-backed sureties, guarantees and payment bonds.
7. Enter into discounting arrangements for promissory notes issued by the company with banks and financial institutions authorised to perform discounting, and enter into loan or other financing arrangements represented by promissory notes with these entities; contract agency services to facilitate such financing arrangements.
8. Buy and sell shares, debentures, bonds, stakes and any other type of security or instrument, and collect any yield from these.
9. Pay in bearer cheques paid to the Company, signing the reverse, for the sole purpose of paying them into the current accounts held with the Bank of Spain, and other banks, credit institutions and savings banks.
10. Arrange transfers between current and credit accounts or loan accounts set up in the Company's name through bank transfers, bank cheques or any other accepted payment system or mechanism in all types of banks,



including the Bank of Spain, savings banks and other credit institutions, both Spanish and foreign.

11. Award and accept loans to/from subsidiaries and affiliates and the parent company.
12. Make payments to settle invoices for gas purchases and settle taxes by personal cheque, bank giro or transfer, bank cheque or any other accepted payment system or mechanism from ordinary current accounts and credit, sight or fixed-term deposit accounts opened by the Company, to which end any type of document may be signed.
13. Sign any public or private documents that may be necessary in order to jointly exercise the powers granted hereunder as effectively as possible.

#### **EXPLANATORY NOTE ON SECTION C.1.10.-**

The Director Mr Marcelino Oreja Arburúa also holds the position of Director of MIBGAS Derivatives, S.A., a company that is not part of the Enagás Group and in which Enagás S.A. holds a 19.4% stake.

The Director Mr Marcelino Oreja Arburúa also holds the position of Director of Tallgrass Energy G.P., a company that is not part of the Enagás Group and in which Enagás S.A. holds a 12.62% indirect stake.

#### **EXPLANATORY NOTE ON SECTION C.1.11.-**

SEPI has representation on the Board of Directors of the listed company EBRO FOODS, S.A. through ALYCESA (a 91.96%-owned subsidiary of SEPI).

#### **EXPLANATORY NOTE ON SECTION C.1.13.-**

The increases in the remuneration accrued during the year in favour of the Board of Directors, compared to that reported in the previous year, are mainly due to the settlement of the Long-Term Incentive Plan (2016-2018) which took place in April 2019.

#### **EXPLANATORY NOTE ON SECTION C.1.14.-**

During financial year 2019, the total remuneration of the Senior Management of the Company amounted to 8,013 thousands of euros. This includes the remuneration received by the Director of Internal Audit (Ms Rosa Sánchez Bravo).

The increases in the remuneration accrued during the year in favour of Senior Management, compared to that reported in the previous year, are mainly due to the settlement of the Long-Term Incentive Plan (2016-2018) which took place in April 2019.

#### **EXPLANATORY NOTE ON SECTION C.1.16.-**

DURATION IN CHARGE AND CO-OPTION:

Article 10 of the Rules and Regulations of the Organisation and Functioning of the Board of Directors stipulates that Directors may hold office for a period of four years, and may be re-elected for similar periods. Directors appointed by co-option will perform their duties until the date of the first General Meeting, or until the date of the following meeting, if the vacancy arises after the General Meeting has been convened and before it is held.

#### RE-ELECTION OF DIRECTORS:

Article 11 of the Rules and Regulations of the Organisation and Functioning of the Board of Directors stipulates that the Appointments, Remuneration and CSR Committee, responsible for evaluating the quality of work and dedication to their offices of the Directors proposed during the previous term of office, shall provide the information required to assess proposals for re-election of non-Independent Directors presented by the Board of Directors to the General Meeting and proposals for the re-election of Independent Directors.

Proposals for re-election shall always be accompanied by a report from the Board justifying the competencies, experience and merits of the candidate. This report shall be attached to the minutes of the General Meeting or of the Board.

As a general rule, appropriate rotation of Independent Directors should be ensured. For this reason, when an Independent Director is proposed for re-election, the circumstances making this Director's continuity in the post advisable must be justified.

#### REMOVAL:

Directors shall leave their post after the first General Meeting following the end of their term of appointment and in all other cases in accordance with the law, the Articles of Association and these Regulations (Article 12.1 of the Rules and Regulations of the Organisation and Functioning of the Board of Directors).

The Board of Directors shall not propose the removal of any Independent Director prior to the end of the period mandated by the Articles of Association for which they have been appointed, unless there are due grounds acknowledged by the Board following a report from the Appointments, Remuneration and Corporate Social Responsibility Committee. In particular, it shall be understood that there is just cause when the Director takes on new offices or assumes new obligations that prevent them from devoting the time necessary to perform the duties of the office of Director, breaches the duties inherent to their position or is affected by one of the circumstances that cause them to lose their independent status in accordance with the provisions of applicable legislation (Art. 12.3 of the Rules and Regulations of the Organisation and Functioning of the Board of Directors).

#### **EXPLANATORY NOTE ON SECTION C.1.32.-**

As disclosed in note 4.6 c) to the Annual Accounts, Law 22/2015 on the Audit of Accounts establishes that non-audit services provided by the auditor must be less

than 70% of the average fees paid for audit services for four consecutive years. The amount of non-audit services rendered by the auditor of accounts (Ernst & Young, S.L.) amounts to 34% of the audit service fees invoiced during 2019 (23% for the Group).

### **EXPLANATORY NOTE ON SECTION C.1.39**

In accordance with Article 529 octodecies of Corporate Enterprises Act, the Board is informed of the main terms and conditions of Director's contracts in the Remuneration Policy and Remuneration Report that is submitted to the Board every year.

### **EXPLANATORY NOTE ON SECTION C.2.1.-**

#### **AUDIT AND COMPLIANCE COMMITTEE** *(Continued)*:

The duties and responsibilities of the Audit and Compliance Committee are:

#### **(i) With regards to the financial statements and other accounting information**

- a) Overseeing the preparation and presentation of financial information on the Company and the Group, and checking compliance with regulatory requirements, the due definition of the scope of consolidation and the correct application of accounting standards and, in particular, knowing, understanding and monitoring the efficiency of the Internal Control over Financial Reporting (ICFR) system.
- b) Examining the information on activities and results of the Company which is prepared and published periodically in accordance with the prevailing regulations relating to the securities markets, seeking to ensure transparency and exactness in the information.
- c) Reporting to the Board of Directors on recommendations or comments it deems necessary on the application of accounting criteria, internal control systems and any other relevant matter, and in particular, to present recommendations or proposals to the Board of Directors to safeguard the integrity of such financial information.
- d) Informing the Board of Directors on the Annual Accounts prior to their preparation, as well as on financial information which the Company must periodically disclose publicly.
- e) Ensure that the Board of Directors can present the accounts to the General Shareholders' Meeting without limitations or qualifications in the auditor's report. In the exceptional case that qualifications exist, both the

Chairman of the Committee and the auditors should give a clear account to shareholders of their scope and content.

- f) The Board of Directors must properly explain any departure from the Audit and Compliance Committee's prior Report in the Annual Accounts finally authorised for issue.
- g) Assessing any proposals made by senior managers regarding changes in accounting practices.

**(ii) Competencies relating to legality**

- a) Reporting to the Board of Directors prior to it approving the creation or acquisition of shares in special purpose vehicles and/or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a similar nature that, by their nature, might impair the transparency of the company or the Group.
- b) Reporting to the Board of Directors prior to transactions with related parties, pursuant to Article 14 Bis of the Regulations of the Board.
- c) Preparing a report on related-party transactions, for posting on the Company's website, sufficiently in advance of the Ordinary Shareholders' Meeting.
- d) Receiving and analysing information on the fiscal criteria applied by the Company during the year, particularly with regard to the degree of compliance with corporate tax policy, prior to the preparation of the Annual Accounts.

**(iii) Competencies with regard to the Internal Audit unit**

- a) Seeing to the proper operation of the internal audit as well as ensuring the independence of the unit that performs internal audit functions, which reports functionally to the Chairman of the Committee. It also ensures the smooth running of internal control and information systems submitting recommendations and proposals to the Board of Directors, with related monitoring periods, as it deems appropriate.

The head of the unit responsible for the internal audit function shall present an annual work programme to the Committee, and report on any incidents arising during its implementation, and shall submit an activity report at the end of each year.

- b) Ensuring the unit has sufficient resources and suitably qualified personnel for optimum performance of the function.
- c) Approving the Internal Audit Plan and related work plans, and proposing the annual budget for this, ensuring that activity focuses mainly on the most significant risks facing the Company.

- d) Supervising the Company's Internal Audit services, receiving regular information on its activities and verifying that senior management takes its conclusions and recommendations into account.
- e) Making proposals to the Board of Directors on the selection, appointment, re-election and removal of the head of Internal Audit.
- f) Assessing annually the functioning of the internal audit unit and the performance of their duties by its head, for which purpose the opinion of the executive management will be sought.

**(iv) Competencies relating to the relationship with the external auditor**

- With regards to the **appointment, re-election and replacement of the accounts auditor**:
  - a) Taking responsibility for the selection process, pursuant to applicable legislation, and, for this purpose it shall:
    - 1º. define the procedure for selecting the auditor; and
    - 2º. issue a reasoned proposal containing at least two alternatives for the selection of the auditor, except in the case of re-election of the auditor.
  - b) Report on the remuneration of the external auditors and other contract conditions.
  - c) Propose the selection, appointment, re-election or replacement of the external auditors of the Enagás Group to the Board of Directors for presentation at the General Shareholders' meeting.
  - d) As applicable, ensure that the Company notifies any change of external auditors to the CNMV as a material event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.
- With regard to the **independence of the external auditors and absence of causes for prohibition and incompatibility**:
  - a) Regularly gather information from the external auditors on the auditing plan and its implementation, in addition to preserving their independence in the exercise of their duties.
  - b) **Liaise with the external auditors** to obtain information on any issues that could compromise the latter's independence. Specifically, the discrepancies that may arise between the auditor of accounts and Company management for review by the Committee, and any other discrepancies relating to the audit process, as well as the possible safeguard measures to be adopted, discussing the significant

weaknesses detected in internal control with the auditor of accounts, and never jeopardising the independence of the audit in order to be able to conclude on the level of confidence and reliability of the system.

- c) Receive those other communications provided for in audit legislation and audit standards.
  - d) Proceed with the authorisation of services other than those prohibited, in accordance with prevailing regulations.
  - e) Ensure that the Company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the **concentration of the auditor's business** and, in general, other requirements concerning auditor independence.
  - f) Ensure that the **fees** of the external auditor do not threaten their quality and independence, and are not based on any form of contingency, as well as establish an indicative limit on the fees that the auditor may receive annually for non-audit services.
  - g) In the event of resignation of the Accounts Auditor, the Committee should investigate the issues giving rise to the resignation.
  - h) Receive the annual statement from the external auditors on their independence with respect to the Enagás Group (included in the delivery of the supplementary report) or entities directly or indirectly related to it, in addition to detailed and individual information on additional services of any kind rendered to these entities by the external auditor or by persons or entities related to it, in conformity with audit regulations.
  - i) Issue an annual report, prior to the issue of the audit report, giving an opinion on whether the independence of the auditors is compromised. This report shall in all cases include a reasoned assessment of each additional service rendered, as referred to in the previous section, that could comprise the independence of the Accounts Auditor, considered separately and in their totality, other than statutory audits and how they relate to the requirement of independence or to the audit regulations and shall be published on the website of the Company sufficiently in advance of the date of the Ordinary General Shareholders' Meeting.
  - j) Establish a maximum term of auditor engagement, ensuring a gradual rotation with the main audit partners.
- With regard to **audit reports**:

- a) Review the content of audits, limited review reports of interim financial statements and other required reports of statutory auditors prior to their issue in order to prevent qualifications.
- b) Supervise the responses of senior management to its recommendations, mediating and arbitrating in the event of any disagreement with regard to the principles and criteria applicable to the preparation of the financial statements.
- c) Foster and ensure that the external auditor who audits the individual and/or consolidated Annual Accounts takes full responsibility for the audit report issued, even when the annual accounts of affiliates are audited by other external auditors.
- d) Report to the General Shareholders' Meeting on the audit results, explaining that this process contributes to the reliability of the financial information, and on the role performed by the Committee in this process.
- e) Ensure that the external auditors have a yearly meeting with the Board of Directors in full to inform them of the work undertaken and developments in the Company's risk and accounting positions.
- f) Make a final assessment of the external auditors' performance and how they have contributed to the quality of the audit and the integrity of the financial reporting.

**(v) Competencies relating to the Company's risk control and management function**

- a) Overseeing the effectiveness of risk control and management systems in order to mitigate risks adequately, in the framework of the Company's internal policy. Submitting recommendations or proposals to the Board of Directors to improve these systems along with the corresponding deadline for dealing with them.
- b) Overseeing the risk control and management unit, which shall, among other functions, ensure the proper functioning of the risk control and management systems and, in particular, identify, manage and adequately quantify all material risks affecting the company; actively participate in the development of the risk strategy and major decisions on its management; and ensure that the risk control and management systems adequately mitigate risk under the policy defined by the Board of Directors.
- c) Assessing the Company's risks and examine the analyses of risks that affect the business, which are set out in the internal risk policies. This periodic information is prepared in accordance with internal rules,

including the identification, measurement and establishment of management measures for the key risks affecting the Company.

- d) Reporting to the Board of Directors on any risks uncovered, with an assessment thereof, and any key issues concerning risks. In particular, reassessing, at least annually, the list of the most significant financial and non-financial risks and assess their tolerance level, proposing their adjustment to the Board, if necessary.
- e) Holding at least one meeting annually with the senior managers of the business units in which they explain business trends and the related risks.

**(vi) With regards to Corporate Governance**

- a) Reporting in advance to the Board of Directors on structural and corporate changes that the Company plans to carry out, their economic conditions and their accounting impact and, in particular, where appropriate, the proposed exchange ratio.
- b) Overseeing compliance with the Internal Codes of Conduct and, in particular, with the Internal Code of Conduct in matters relating to the Securities Markets in force at any given time and with these Regulations, and to make the necessary proposals for their improvement. In fulfilling this duty, the Audit and Compliance Committee liaises with the Appointments, Remuneration and CSR Committee in considering Company Directors' and managers' compliance with the Code.
- c) Assessing all matters relating to the non-financial risks of the Company, including operational, technological, legal, social, environmental, political and reputational.
- d) Coordinating the process for reporting non-financial and diversity information, in accordance with applicable regulations and international benchmark standards.
- e) Supervising a mechanism whereby staff can report, confidentially and anonymously any potentially significant incidents they identify in the Company, receiving regular information on its operation and being able to propose appropriate actions for its improvement and the reduction of the risk of irregularities in the future, particularly with regard to financial and accounting issues, whilst respecting in all cases personal data protection regulations and the basic rights of the parties involved.
- f) Preparing an Annual Activity Report of the Audit and Compliance Committee, which will form part of the corporate governance report, and which will be published on the Company's website sufficiently in advance of the Ordinary General Meeting.



- g) Assisting with drafting the Annual Corporate Governance Report, especially in areas concerning information transparency and conflicts of interests.

**(vii) Competencies relating to the Compliance function**

- a) Ensuring the independence of the compliance unit.
- b) Ensuring that the compliance unit performs its mission and competences with regard to regulatory compliance and the prevention and correction of behaviour that is illegal or fraudulent or otherwise breaches the Enagás Group Code of Ethics.
- c) Ensuring that the compliance unit has the human and material resources needed for optimum performance of its functions.
- d) Providing information and putting forward proposals to the Board of Directors regarding the selection, appointment, reappointment and dismissal of the head of Compliance.

**(viii) With regards to shareholders**

Providing information on issues within the scope of its duties at the General Meeting.

**APPOINTMENTS AND REMUNERATION COMMITTEE** *(Continued)*:

The duties and responsibilities of the Appointments, Remuneration and Corporate Social Responsibility Committee are:

**(i) Competencies relating to the composition of the Board**

- a) To evaluate the competencies, knowledge and experience required on the Board of Directors. To this end, and in accordance with the Director's selection policy, it shall determine the functions and capacities required of the candidates to fill each vacancy, and evaluate the precise amount of time and degree of dedication necessary for them to effectively perform their duties, while overseeing that the Non-Executive Directors have sufficient time available to properly perform their functions.

The Committee will draw up and regularly update a matrix with the necessary competences of the Board and which defines the skills and knowledge of the candidates for Directors, in particular executive and independent Directors.

- b) Reviewing the structure of the Board of Directors, as well as the criteria that must be reported, the statutory renewal of Directors, the incorporation of new members, guaranteeing that their access to the Board does not affect the Company's status as transmission grid operator, in accordance with the provisions of the applicable regulations on hydrocarbons. Likewise, any other aspect related to its composition that it considers appropriate will be reviewed, making the necessary proposals to the Board of Directors.
- c) Establishing a representation objective for the under-represented gender on the Board of Directors and to draw up guidelines on how to achieve this objective, also proposing to the Board of Directors the policy of diversity of directors, based on the criteria of age, disability, training, professional experience and gender, among others.
- d) Reviewing periodically the category of the Directors.

**(ii) Powers for the selection of Directors and Senior Managers**

- a) To forward to the Board of Directors proposed appointments of Independent Directors for them to be designated by co-option or subject to the decision of the General Shareholders' Meeting, as well as on proposals for their re-election or removal by the General Shareholders' Meeting.
- b) To report proposed appointments of the remaining Directors for them to be designated by co-option or subject to the decision of the General Shareholders' Meeting, as well as on proposals for their re-election or removal by the General Shareholders' Meeting.
- c) To verify on an annual basis compliance with the director's selection policy of the company approved by the Board of Directors.
- d) To report on proposals for the appointment and removal of Senior Managers.
- e) To submit proposals to the Board of Directors regarding the Company's organisational structure and the creation of Senior Management positions that it considers necessary for better and more efficient management of the Company, as well as the guidelines regarding the appointment, career selection, promotion and dismissal of Senior Management, to ensure the Company has, at all times, highly qualified personnel suitable for the management of its activities.

**(iii) Competencies relating to the composition of the Board**

- a) To report on the appointment of the Chairman and Vice Chairman of the Board of Directors.
- b) To report on the appointment and dismissal of the Secretary and Vice Secretary of the Board of Directors.

- c) To propose the appointment of the Independent Leading Director.
- d) To examine and organise the succession of the Company's Chairman and CEO and, if appropriate, to make proposals to the Board of Directors so that such succession takes place in an orderly and planned manner, drawing up a succession plan for this purpose.

**(iv) Powers relating to the remuneration of Directors and Senior Managers**

- a) To propose to the Board of Directors the remuneration policy for Directors and Senior Managers, verifying that this is observed. To this end, the committee will periodically review the remuneration policy for Directors and Senior Management and ensure that their individual remuneration is proportional to that paid to the other Directors and Senior Management of the Company.
- b) To propose to the Board of Directors the individual remuneration and other contractual conditions of Executive Directors, verifying that they are consistent with the remuneration policies in force.
- c) To propose to the Board of Directors the basic conditions of the Senior Management contracts, verifying that they are consistent with the remuneration policies in force.
- d) To verify information on remuneration of Directors and senior managers contained in the various corporate documents, including the Annual Report on Directors' Remuneration.

**(v) Powers relating to the corporate governance of the Company and corporate social responsibility**

- a) To report to the Board on general policy concerning Corporate Social Responsibility and Corporate Governance, ensuring the adoption and effective application of best practices – both those which are compulsory and those that are in line with generally-accepted recommendations. To this end, the Committee shall be responsible for the following functions:
  - (i) To submit to the Board the initiatives and proposals it deems appropriate and provide information on proposals submitted to the Board and information the Company releases to shareholders annually regarding these issues.
  - (ii) To monitor compliance with the rules of corporate governance of the Company, periodically assessing the adequacy of the Company's system of corporate governance, in order to fulfil its mission of promoting the corporate interest, and consider, as appropriate, the legitimate interests of other stakeholders.

- (iii) To monitor the communication strategy and relations with shareholders and investors, including small and medium shareholders.
- (iv) To monitor the corporate social responsibility strategy and practices and assess their degree of compliance.
- (v) To oversee and assess the processes of liaising with different stakeholders.
- (vi) To review the corporate responsibility policy of the Company, ensuring that it is aimed at creating value.

In particular, the Committee shall ensure that the policy of corporate responsibility identifies at least:

- The goals of its corporate social responsibility policy and the support instruments to be deployed.
- The corporate strategy with regard to sustainability, the environment and social issues.
- Concrete practices in matters relative to: shareholders, employees, customers, suppliers, social welfare issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of illegal conducts.
- The methods or systems for monitoring the results of the practices referred to above, and identifying and managing related risks.
- Mechanisms for oversight of non-financial risk, ethics and business conduct.
- Channels for stakeholder communication, participation and dialogue.
- Responsible communication practices that prevent the manipulation of information and protect the Company's honour and integrity.

The report which, if any, may be issued by the Committee on the Company's general policy of Corporate Social Responsibility, shall be developed using any of the internationally accepted methodologies, and shall be published on the website of the Company sufficiently in advance of the Ordinary General Shareholders' Meeting.

- b) To report to the Board of Directors on measures to be taken in the event of breach of these Board Regulations or the Internal Code of Conduct on matters relating to the securities markets on the part of Directors or other persons subject to those rules. In performing this duty, the

Appointments, Remuneration and Corporate Social Responsibility Committee shall work in conjunction with the Audit and Compliance Committee wherever appropriate.

- c) To prepare an Annual Report on the activities of the Appointments, Remuneration and Corporate Social Responsibility Committee, which will be published on the Company's website sufficiently in advance of the Ordinary General Meeting.
- d) To ensure that any conflicts of interest do not impair the independence of external advisers to the Committee in connection with the performance of its duties.

#### **(vi) Other competences**

- a) To spearhead, where appropriate, together with the Independent Leading Director, the annual evaluation of the performance of the Board and its Committees, and to provide the Board with the results of its assessment together with a proposal for an action plan or with recommendations to correct possible deficiencies detected or to improve performance.
- b) To design and organise periodic programmes to update Directors' knowledge.

### **EXPLANATORY NOTE ON SECTION D.2**

Regarding dividends paid by Enagás to significant shareholders, excluding Directors, referred to in section D.2 of this Report, note:

On July 3, 2019, Enagás paid **BANK OF AMERICA CORPORATION** a final dividend for 2018 of 7,920 thousands of euros, as approved by the General Shareholders' Meeting. Additionally, in December 2019, a 5,522 thousands of euros interim dividend against 2019 earnings was paid. Therefore, the total dividend paid stands at 13,442 thousands of euros.

On July 3, 2019, Enagás paid **SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES ("SEPI")** a final dividend for 2018 of 10,958 thousands of euros, as approved by the General Shareholders' Meeting. Additionally, in December 2019, a 7,639 thousands of euros interim dividend against 2019 earnings was paid. Therefore, the total dividend paid stands at 18,598 thousands of euros.

On July 3, 2019, Enagás paid **BLACKROCK INC** a final dividend for 2018 of 7,416 thousands of euros, as approved by the General Shareholders' Meeting. Additionally, in December 2019, a 5,171 thousands of euros interim dividend against 2019 earnings was paid. Therefore, the total dividend paid stands at 12,587 thousands of euros.

.

On July 3, 2019, Enagás paid **NORGES BANK** a final dividend for 2018 of 6,329 thousands of euros, as approved by the General Shareholders' Meeting. Additionally, in December 2019, a 4,412 thousands of euros interim dividend against 2019 earnings was paid. Therefore, the total dividend paid stands at 10,741 thousands of euros.

On July 3, 2019, Enagás paid **STATE STREET CORPORATION** a final dividend for 2018 of 6,592 thousands of euros, as approved by the General Shareholders' Meeting. Additionally, in December 2019, a 4,595 thousands of euros interim dividend against 2019 earnings was paid. Therefore, the total dividend paid stands at 11,187 thousands of euros.

#### **EXPLANATORY NOTE ON SECTION D.3.-**

Regarding dividends paid by Enagás to Directors who are significant shareholders, as referred to in section D.3 of this Report, note:

On July 3, 2019, Enagás paid **SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES ("SEPI")** a final dividend for 2018 of 10,958 thousands of euros, as approved by the General Shareholders' Meeting. Additionally, in December 2019, a 7,639 thousands of euros interim dividend against 2019 earnings was paid. Therefore, the total dividend paid stands at 18,598 thousands of euros.

#### **EXPLANATORY NOTE ON SECTION D.4.-**

The criteria used by Enagás for reporting information on significant operations carried out by the Company with other entities in the same group is as follows:

1. Significant operations with other entities in the Group shall be reported provided that they are not eliminated in the consolidation process.
  
2. Of the operations that are not eliminated in the consolidation process, a report shall be made of those that do not simultaneously meet the following three conditions:
  - a. Their amount does not exceed 1% of the company's annual revenues.
  
  - b. They are part of the company's ordinary traffic, with ordinary traffic understood to mean those activities related to transmission, storage and regasification.
  
  - c. They are carried out at prices or rates under normal market conditions.

## **EXPLANATORY NOTE ON SECTION D.5.-**

The amount from related party transactions is obtained from the following breakdown:

<b>Group entity</b>	<b>Related party</b>	<b>Category</b>	<b>Amount (€ thousand)</b>
Enagás S.A.	Banco Santander, S.A.	Finance cost	6,938
Enagás Internacional, S.L.U.	Banco Santander, S.A.	Finance cost	4,732
<b>Total finance cost, other related parties</b>			<b>11,670</b>

<b>Group entity</b>	<b>Related party</b>	<b>Category</b>	<b>Amount (€ thousand)</b>
Enagás Internacional, S.L.U.	Banco Santander, S.A.	Financial income	11
<b>Total finance revenue, other related parties</b>			<b>11</b>

<b>Group entity</b>	<b>Related party</b>	<b>Category</b>	<b>Amount (€ thousand)</b>
Enagás S.A.	Banco Santander, S.A.	Guarantees	23,333
<b>Total guarantees, related parties</b>			<b>23,333</b>

<b>Group entity</b>	<b>Related party</b>	<b>Category</b>	<b>Amount (€ thousand)</b>
Enagás S.A.	Banco Santander, S.A.	Agent Services	15
Enagás S.A.	Banco Santander, S.A.	Vehicle rental	62
Enagás S.A.	Club Español de la Energía	Services received	51
Enagás S.A.	C.E.O.E.	Services received	36
Enagás S.A.	Fundación Aspen Institute España	Services received	2
Enagás S.A.	(SEPI)	Services received	17
Enagás S.A.	Thyssen-Bornemisza Collection Foundation	Services received	6
Enagás G.T.S., S.A.	Club Español de la Energía	Services received	3
Enagás Transporte S.A.U.	Banco Santander, S.A.	Vehicle rental	114
Enagás Transporte S.A.U.	Club Español de la Energía	Services received	1
<b>Total services received, other related parties</b>			<b>304</b>

<b>Total transactions with other related parties</b>	<b>35,318</b>
--	---------------

### **Transactions with BANCO SANTANDER, S.A.**

Financial expenses: In 2019, financial expenses payable to Banco Santander, S.A. amounted to **11,670 thousands of euros**, of which 6,938 thousands of euros is

payable by Enagás S.A. and 4,732 thousands of euros is payable by Enagás Internacional, S.L.U.

Financial income: In 2019, Enagás Internacional, S.L.U. received financial income from Banco Santander, S.A. amounting to **11 thousands of euros**.

Guarantees and sureties received: Guarantees extended by Banco Santander, S.A. in 2018 amounted to **23,333 thousands of euros**, all of which were granted to Enagás, S.A.

Services received: Enagás, S.A. incurred expenses of **77 thousands of euros**, as follows:

<b>Services received from Banco Santander</b>				
Category	Amount	Price policy	Payment terms	Guarantees
<b>Vehicle hire</b>	62	-	-	-
<b>Agency commission</b>	15	-	-	-

Services received: Enagás Transporte, S.A.U. incurred expenses of **114 thousands of euros**, broken down as follows:

<b>Services received from Banco Santander</b>				
Category	Amount	Price policy	Payment terms	Guarantees
<b>Vehicle hire</b>	114	-	-	-

#### **Transactions with Club Español de la Energía-**

Services received: Enagás, S.A. incurred expenses of 51 thousands of euros, as follows:

<b>Services received from Club Español de la Energía</b>				
Category	Amount	Price policy	Payment terms	Guarantees
<b>Various services</b>	51			

Services received: Enagás Transporte, S.A.U. incurred expenses of **1 thousands of euros**, broken down as follows:

<b>Services received from Club Español de la Energía</b>				
Category	Amount	Price policy	Payment terms	Guarantees



<b>Various services</b>	1	-	-	-
-------------------------	---	---	---	---

Services received: Enagás G.T.S., S.A.U. incurred expenses of **3 thousands of euros**, broken down as follows:

<b>Services received from Club Español de la Energía</b>				
Category	Amount	Price policy	Payment terms	Guarantees
<b>Various services</b>	3	-	-	-

#### **Transactions with C.E.O.E. -**

Services received: Enagás, S.A. incurred expenses of **36 thousands of euros**, as follows:

<b>Services received from CEOE</b>				
Category	Amount	Price policy	Payment terms	Guarantees
<b>Various services</b>	36			

#### **Transactions with Fundación Aspen Institute España-**

Services received: Enagás, S.A. incurred expenses of **2 thousands of euros**, as follows:

<b>Services received from Fundación Aspen Institute España</b>				
Category	Amount	Price policy	Payment terms	Guarantees
<b>Various services</b>	2			

#### **Transactions with Thyssen-Bornemisza Collection Foundation**

Services received: Enagás, S.A. incurred expenses of **6 thousands of euros**, as follows:

<b>Services received from Thyssen-Bornemisza Collection Foundation</b>					
Category	Amount		Price policy	Payment terms	Guarantees
<b>Various services</b>	6				

## Transactions with SEPI

Services received: Enagás, S.A. incurred expenses of **17 thousands of euros**, as follows:

<b>Services received from SEPI</b>				
Category	Amount	Price policy	Payment terms	Guarantees
<b>Various services</b>	17			

**APPENDIX II**

**REPORT ON THE ACTIVITIES OF THE AUDIT AND COMPLIANCE**

**COMMITTEE, 2019**

# Annual Activity Report of the Audit and Compliance Committee

AUDIT AND COMPLIANCE  
COMMITTEE  
**17/02/2020**



Navigate this document by clicking on the different sections in the index.



To return to the start, click on this button on any page.

# Table of contents

- 1** | Composition, attendance and operation **4**
- 2** | Regulation of the Audit and Compliance Committee **8**
- 3** | Activities of the Audit and Compliance Committee in 2019 **16**
- 4** | Evaluation of the Audit and Compliance Committee performance **24**
- 5** | Progress made in 2019 **26**

# 1

## Composition, attendance and operation

On December 31, 2019, the composition of the Audit and Compliance Committee was as follows:



**Chairwoman**

Ms Isabel Tocino  
Biscarolasaga  
**Independent**

---



**Member**

Sociedad Estatal  
de Participaciones  
Industriales (SEPI),  
represented by its Vice  
President Mr Bartolomé  
Lora Toro  
**Proprietary**



**Member**

Ms Rosa Rodríguez  
Díaz  
**Independent**

---



**Member**

Mr Luis García del Río  
**Independent**



**Member**

Mr Martí Parellada  
Sabata  
**External**

---



**Secretary**

Mr Rafael Piqueras  
Bautista



In 2019, there were no changes in the composition of the Committee.

The Board of Directors has appointed the members of the Audit and Compliance Committee taking into account their knowledge, skills, as well as their experience in accounting, internal control auditing and risks. The composition of the Committee is therefore in accordance with the best practices of good corporate governance.

All the information on the Directors, including their work experience, is available on the Enagás corporate website.

## Attendance

Pursuant to the provisions of the Audit and Compliance Committee Regulations, the Committee holds its meetings in accordance with an annual calendar, which includes at least four ordinary sessions.

Eight meetings were held during 2019: five regular committees and three preparatory ones.

All members of the Audit and Compliance Committee attended these meetings.

## Committee operation

*The Committee conducted its activity in 2019 in accordance with the best practices of corporate governance and the standard procedures set out in Technical Guide 3/2017 on Audit Committees at public-interest entities.*



In accordance with the provisions of the corporate texts, the Audit and Compliance Committee was assisted by the Internal Audit Director, Ms Rosa Sánchez Bravo, in her duties as adviser to the Committee.

In addition, during 2019, at the invitation of the Chairwoman of the Committee, the Committee requested the presence of certain Company executives to discuss matters within their competence in accordance with the agenda. Specifically, it was attended by the Chief Executive Officer, Mr Marcelino Oreja Arburúa and the Financial General Manager of Enagás, Mr Borja García-Alarcón Altamirano. The Sustainability and Risk Director and the Compliance Director also attended meetings of the Committee when the latter addressed issues related to their functions.

Likewise, the representatives of the external auditor, Ernst & Young, S.L., attended the ordinary meetings of the Committee.

The documentation relative to each meeting, such as the agenda and the minutes from the previous meeting, were given to Committee members sufficiently in advance.

Ordinarily, after each Audit and Compliance Committee meeting the Chairwoman of the Committee reported to the Board of Directors in a meeting held the same day, with regard to the actions taken and matters addressed in each Committee meeting.

# 2

## Regulation of the Audit and Compliance Committee



*The Audit and Compliance Committee is governed by the provisions of applicable laws and regulations, the provisions contained in the Articles of Association, the Rules and Regulations for the Organisation and Functioning of the Board of Directors of Enagás, S.A., as well its Regulations of the Audit and Compliance Committee, dated on December 16, 2019.*

These documents are available on the website.

The main duties of the Audit and Compliance Committee are summarised under the following basic categories:

### **2.1. Annual Accounts and other financial reports:**

- i. Overseeing the preparation and presentation of any financial information on the Company and its Group, and checking compliance with regulatory requirements, the due definition of the consolidation scope and correct application of accounting principles, and, especially, to understand and monitor the efficiency of the Internal Control over Financial Reporting system (ICFR).

- ii. Examining the information on activities and results of the Company which is prepared and published periodically in accordance with the prevailing regulations relating to the securities markets, seeking to ensure transparency and exactness in the information.
- iii. Reporting to the Board of Directors on recommendations or comments it deems necessary on the application of accounting criteria, internal control systems and any other relevant matter, and in particular, to present recommendations or proposals to the Board of Directors aimed at safeguarding the integrity of the financial information.
- iv. Reporting to the Board of Directors with regard to the annual accounts and any other information that must be regularly disclosed, prior to their being drawn up.

### **2.2. External auditor**

#### **With regard to the appointment, re-election or replacement of the external auditor:**

- i. Taking responsibility for the selection process, in accordance with the applicable regulations, and to this end must: define the procedure for selecting the auditor; and issue a

reasoned proposal containing at least two alternatives for the selection of the auditor, except in the case of re-election.

- ii. Reporting on the remuneration of external auditors and other contract conditions.
- iii. Proposing the appointment, re-election or replacement of the accounts auditor of the Enagás Group to the Board of Directors for presentation to the General Shareholders' meeting.

**With regard to their independence:**

- i. Establishing appropriate relations with the external auditor to receive information on any matters that may threaten its independence, in particular any discrepancies that may arise between the accounts auditor and Company management, for consideration by the Committee, and any others related to the process of implementation of the accounts audit, as well as any possible safeguards to be adopted.
- ii. Proceeding to authorisation of the services other than those prohibited, in accordance with applicable regulations, ensuring that the

Company and the external auditor respect the rules in force and the existing internal procedures.

- iii. Ensuring that the fees of the external auditor do not threaten their quality and independence, and are not based on any form of contingency, and establish an indicative limit on the fees that the auditor may receive annually for non-audit services.
- iv. Receiving the annual statement from the external auditor on their independence with respect to the Enagás Group or entities directly or indirectly related to it, in addition to detailed and individual information on additional services of any kind rendered to these entities, and the corresponding fees received, by the external auditor or by persons or entities related to it. All of this is in accordance with the provisions of the regulations governing the accounts auditing activity.
- v. Issuing an annual report, prior to the issue of the audit report, giving an opinion on whether the independence of the accounts auditors is compromised. This report shall in all cases include a reasoned assessment of each additional service rendered, as referred to in the



previous section, that could comprise the independence of the accounts auditor, considered separately and in their totality, other than statutory audits.

### **In relation to the audit process and other limited reviews of interim financial statements:**

- i. Reviewing the contents of audit reports, reports on limited review of interim financial statements and other statutory reports required of the auditors of accounts prior to their issuance, in order to prevent qualifications.
- ii. Supervising the responses of senior management to its recommendations, and mediating and arbitrating in the event of any disagreement with regard to the principles and criteria applicable to the preparation of the financial statements.
- iii. Fostering and ensuring that the accounts auditor who audits the individual and/or consolidated annual accounts takes full responsibility for the audit report issued, even when the annual accounts of affiliates are audited by other accounts auditors.
- iv. Reporting to the General Shareholders' Meeting on the audit results, explaining that this process contributes to the reliability of the financial information, and on the role performed by the Committee in this process.
- v. Ensuring that the external auditor hold two meetings per year, half-yearly and at the end of the accounting period, with the Board of Directors in order to inform them of the work undertaken of the evolution of accounting positions and risks to the Company.
- vi. Conducting an annual evaluation of the auditor's performance and how it has contributed to the quality of the audit and the integrity of the financial reporting.

### **2.3. Internal Audit**

- i. Overseeing the proper operation of internal audit and ensuring the independence of the Company's internal audit function, ensuring the provision of sufficient resources and suitably qualified personnel for the optimum performance of its duties.

- ii. Approving the Internal Audit Plan, their related work plans and the annual budget for this, ensuring that the activity focuses mainly on the most significant risks facing the Group.
  - iii. Supervising the internal audit services, receiving regular information on their activities and verifying that senior management takes their conclusions and recommendations into consideration.
  - iv. Yearly assessment of the internal audit function and the performance of the responsible person.
- particular, identify, manage and adequately quantify all material risks affecting the company.
  - iii. Evaluating the Company's risks and examining the analyses of risks that affect the activities of the Company.
  - iv. Reporting to the Board of Directors on any risks uncovered, with an assessment thereof, and any key issues concerning risks. In particular, it shall reassess, at least every year, the list of the most significant financial and non-financial risks and assess their tolerance level, proposing an adjustment of these to the Board, if necessary.

## 2.4. Risk control and management

- i. Overseeing the effectiveness of risk control and management systems in order to adequately mitigate risks with the framework of the Company's internal policy. Submitting recommendations or proposals to the Board of Directors to improve these systems along with the corresponding deadline for dealing with them.
- ii. Overseeing the risk control and management unit, which shall, among other functions, ensure the proper functioning of the risk control and management systems and, in

## 2.5. Competencies relating to legality

- i. Reporting to the Board of Directors prior to approval of the creation or acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a similar nature that, by their nature, might impair transparency.
- ii. Reporting to the Board of Directors prior to transactions with related parties, pursuant to article 14 bis of the Board Regulations.



- iii. Preparing a report on related-party transactions, for posting on the Company's website, sufficiently in advance of the Ordinary Shareholders' Meeting.
- iv. Receiving and analysing information on the tax-related criteria applied by the Company during the year, particularly with regard to the degree of compliance with corporate tax policy, prior to the preparation of the Annual Accounts.
- iv. Assessing all matters relating to the non-financial risks of the Company, including operational, technological, legal, social, environmental, political and reputational.
- v. Coordinating the process of reporting of non-financial information and diversity, in accordance with applicable legislation and international benchmarks.

## **2.6. Corporate governance and non-financial reporting**

- i. Reporting in advance to the Board of Directors on operations involving structural and corporate modifications planned by the Company.
- ii. Supervising compliance with the Internal Code of Conduct on matters relating to the securities markets in force at any given time, and with these Regulations.
- iii. In fulfilling this duty, the Audit and Compliance Committee liaises with the Appointments, Remuneration and Corporate Social Responsibility Committee in relation to Directors' and Executives' compliance with the Code.
- vi. Supervising a whistle-blowing mechanism enabling employees to report, confidentially and anonymously, any potentially significant incidents they identify in the Company, particularly with regard to financial and accounting issues, while observing the personal data protection laws and the basic rights of the parties involved.
- vii. Preparing this Annual Activity Report of the Audit and Compliance Committee that will form a part of the Annual Corporate Governance Report.
- viii. Assisting with drafting the Annual Corporate Governance Report, especially in areas concerning information transparency and conflicts of interest.



## 2.7. Compliance

- i. Ensuring the independence of the compliance function.
- ii. Ensuring that the compliance function performs its mission and competences with regard to regulatory compliance and the prevention and correction of behaviour that is illegal or fraudulent or otherwise breaches the Enagás Code of Ethics.
- iii. Ensuring that the compliance function is provided with the necessary staff and material resources needed for the optimum performance of its duties.



# 3 |

## Activities of the Audit and Compliance Committee during 2019



*During 2019, the Audit and Compliance Committee effectively executed its schedule of actions, in accordance with the recommendations of the Technical Guide and the Good Governance Code of Listed Companies.*

The most relevant activities conducted by the Audit and Compliance Committee in 2019 are summarised below.

### **With regard to Financial and Non-Financial Reporting**

#### **Information to the Board on the annual accounts of Enagás for 2018**

In its meeting held on February 22, 2019, the Committee analysed and debated the 2018 annual accounts, reporting favourably on them to the Board of Directors, which proceeded to prepare the annual accounts for the year ending December 31, 2018 under the terms set out by the Committee.

The Committee also verified that the Non-Financial Information Statement, which is included in the Management Report of the Consolidated Annual Accounts, included all the reporting required by Law 11/2018, of December

28 on non-financial information and diversity, reporting in this regard to the Board of Directors.

Finally, the consolidated accounts for 2018, together with the Management Report, were approved by the General Shareholders' Meeting on March 29, 2019.

### **Oversight of Interim Financial Statements**

Throughout 2019, in accordance with the recommendations on good governance, the Committee has reviewed the interim financial statements on the occasion of the quarterly and half-yearly closing, based on the reports provided by the Financial General Manager and the external auditor.

The Committee understands that this activity is of vital importance in maintaining strict control of the Company's accounts and to facilitate the issuance of an unqualified audit report at year-end.

As a result of its work, the Committee presented at its meetings in April and October 2019 reports to the Board of Directors regarding the interim economic and financial information of Enagás and the economic and financial information for the first quarter of 2019.

With regard to the new accounting standards the Finance Department regularly reported to the Audit and Compliance Committee on the process of implementing the new accounting standards: IFRS 16 on Leases, in force since January 1, 2019, and the main impacts of its application at that date.

### Fiscal transparency report

On October 21, 2019, in compliance with the Code of Good Tax Practices, to which Enagás adheres, the Committee was informed by the Financial General Manager of the Annual Report on Tax Transparency, which describes mainly: the tax strategy, the main business lines, the corporate structure, the dividend policy, the financial situation of the Group, as well as other issues of special tax significance that occurred during the year.

This report was approved by the Board and submitted to the tax authorities (AEAT) on October 25, 2019.

### Internal Control over Financial Reporting System (“ICFR”).

During 2019, the Committee monitored, through the information provided by the external auditor, internal auditor and the Finance Department, the effectiveness of the Internal Control System on Financial Reporting. Specifically, at the beginning

of 2019, the external auditor reported favourably on the Internal Control over Financial Reporting System (hereinafter “ICFR”), that the Company applies under the COSO 2013 guidelines and no significant weaknesses were detected.

During 2019, the Finance Department and the Internal Audit Department reported on the implementation of minor improvement recommendations detected in the 2018 ICFR certification.

Finally, on February 17, 2020, the accounts auditor informed the Audit and Compliance Committee that, in their opinion, the Group had an effective ICFR system in place in 2019. The Committee subsequently informed the Board of Directors of this certification, and of the non-existence of relevant recommendations.

### Formulation and approval of the Enagás annual accounts for 2019

With regard to the approval of the 2019 annual accounts, the accounts auditor gave a favourable report to the Audit and Compliance Committee on February 17, 2020, leading to their subsequent preparation by the Board of Directors.

With regard to the consolidated Non-Financial Information Statement included in the Management Report of the Enagás Group for the 2019 financial year and the



Diagnostic Report on the Internal Control System for Non-Financial Information, the Committee reported favourably to the Board on February 17, 2020.

The 2019 consolidated accounts together with the management report will be presented to the General Shareholders' Meeting, which is expected to be held on April 2020.

Finally, the Committee verified that the published financial and non-financial information for 2019 was in line with the approved information.

### **3.1. With regard to the external auditor**

#### **External auditor re-election**

On February 22, 2019, the Committee unanimously agreed to submit to the Board a proposal for the re-election of Ernst & Young, S.L., as accounts auditor of Enagás, S.A. and its consolidated group for a three-year period (2019-2021), which was finally ratified by the General Shareholders' Meeting on March 29, 2019.

The Committee also agreed to define a transition plan during 2020 in order to give an orderly exit to the partner currently signing the Group's accounts, which will rotate after the end of its fifth year in accordance with the Law 22/2015 on Auditing.

#### **Account auditing**

In accordance with the established agenda, the external auditor participated in the five ordinary meetings held by the Committee, and in the three meetings held in 2019 to prepare for the end of the accounting period, which has allowed the Committee to adequately perform its duty to serve as a communication channel between the Board of Directors and the external auditor. In addition, the external auditors reported to the Board of Directors in its meetings on two occasions: February 22, 2019 and July 29, 2019.

At the meetings held by the Committee in 2019, the external auditor provided detailed information on the planning and progress of their work.

On March 29, 2019 the Chairwoman of the Committee informed the General Shareholders' Meeting of the audit results, explaining that this process contributes to the reliability of the financial information, and on the role performed by the Committee in this process.

### Analysis of the independence of the Accounts Auditor by the Audit and Compliance Committee

During the meetings held in 2019 the Committee reviewed and approved all the services provided by the external auditor, to check that they complied with the requirements established in the Regulations of the Audit and Compliance Committee, the Law 22/2015, on Auditing and in the procedure for the contracting and relations with external auditors.

At the meeting held on February 17, 2020, the external auditor delivered to the Audit and Compliance Committee their Accounts Auditor Independence Statement certifying fulfilment of the independence requisites set out in the applicable laws.

On February 17, 2020, the Audit and Compliance Committee issued the Accounts Auditor Independence Report in which a favourable opinion was expressed as to the independence of the external auditor. This report is available on the Internet.

By December 31, 2019, non-audit services accounted for 23% of total auditor fees.

### 3.2. With regard to the internal auditor

It supervised the Company's Internal Audit services, ensuring their independence and effectiveness throughout 2019.

At its meeting on January 21, 2019, the Committee evaluated and approved the Annual Internal Audit Plan and Budget for 2019, verifying how the plan covered the Company's most relevant risks and ensuring that the function had sufficient and adequate resources to carry out its duties.

Likewise, it carried out an evaluation of the performance of the duties and responsibilities assumed by both the Internal Audit Director and the internal audit function as a whole. The evaluation questionnaire assesses aspects such as the strategic positioning of the function, good governance and auditor independence, as well as performance in the execution of its duties through the year.

Finally, as of February 21, 2019, it was informed of the Annual Report on internal audit activity conducted in 2018.

At all meetings held during 2019, the Committee received regular information on the internal audit activity, allowing it to have exhaustive control over the recommendations obtained in its Audit Reports and verifying the degree



of progress of the Annual Plan and the degree of implementation of its recommendations by the areas.

The Committee informed the Board of Directors after each Audit and Compliance Committee meeting.

### **3.3. With regard to risk control and management**

The Audit and Compliance Committee monitored the effectiveness of the risk control and management systems.

The Chief Executive Officer and the Sustainability and Risk Director informed the Committee about the status of the Company's risk control and management, as well as the level of compliance with the defined risk limits, at four of its five ordinary meetings.

Specifically, on February 21, 2019, the Risk Department submitted the results of the annual risk monitoring and measurement process, and set out certain improvements introduced in the risk control and management model in relation to the monitoring of risk appetite, incorporating certain risk indicators, KRIs, in relation to the operation: availability of the company's main industrial systems and cybersecurity.

Ongoing monitoring of the evolution of risks was conducted at the subsequent meetings held by the Committee.

The Committee informed the Board of Directors after each Audit and Compliance Committee meeting.

### **3.4. With regard to corporate governance**

#### **Annual Corporate Governance Report**

The Committee reported favourably to the Board of Directors on the Annual Corporate Governance Report (ACGR) for 2018, dated February 22, 2019, and on the ACGR for 2019, dated February 17, 2020.

#### **Related-party transactions**

With regard to 2018, in accordance with the recommendations of the Good Governance Code of listed companies, the Audit and Compliance Committee prepared a report, dated February 21, 2019, on related-party transactions that was made available to shareholders at the time notice was given of the General Shareholders' Meeting to be held on March 29, 2019.

In this report, the Committee confirmed the company's compliance with securities market regulations on transactions with related parties. It also verified that all related-party transactions carried out during 2018 belonged to the company's ordinary business or traffic, were carried out under arm's length conditions and were approved by the company's Board of Directors.



In 2019, a related-party transaction that required approval by the Board of Directors, dated July 29, 2019, was carried out.

Finally, on February 17, 2020, the Audit and Compliance Committee prepared a Report on related-party transactions, which it will make available to shareholders at the time of the call to the General Shareholders' Meeting, which is expected to be held on April 2020.

### 3.5. With regard to Compliance

The Committee adopted the General Corruption Prevention Regulation on February 21, 2019, as well as the Anti-Fraud, Corruption and Bribery Policy. on April 23, 2019.

On February 21, 2019, it was informed of the actions of the Ethics Committee, the monitoring of initiatives included in the 2018 Sustainable Management Plan and the definition of initiatives in the Sustainable Management, Ethics and Compliance Plan for 2019.

Also in this report, as well as in the quarterly meetings held during 2019, the Committee was aware of the detail of the complaints received through the "Ethics Channel", although there were none of any appreciable relevance in the period.

The Committee approved the budget of the Compliance Department on February 21, 2019.

In accordance with article 20.2 of the Internal Code of Conduct, Secretary of the Board of Directors informed the Audit and Compliance Committee of the degree of compliance and incidents relating to the application of the Internal Code of Conduct (RIC) in matters of the securities market.

Finally, the Committee was informed about the Activity Report on a quarterly basis by the Director of Compliance.

### 3.6. With regard to the activity of the Audit and Compliance Committee

On February 22, 2019, the Committee approved the Annual Activity Report of the Committee for 2018, and reported to the Board on the same date. This report was made available to shareholders at the General Meeting.

On December 16, 2019, the Committee approved the updating of the Regulations governing the activity of the Audit and Compliance Committee, as well as the Board Regulations, in order to adapt them to the recommendations included in Technical Guide 3/2017 of the CNMV on Audit Committees of public-interest entities.



# 4

## Evaluation of the performance of the Audit and Compliance Committee



*Pursuant to the provisions of the Audit and Compliance Committee Regulations and the Technical Guide 3/2017 on Audit Committees at public-interest entities, the Board of Directors and the Audit and Compliance Committee underwent an evaluation of the quality and efficiency of the performance of their duties and competences in 2019 by an external consultant, taking as a frame of reference for its evaluation the applicable regulations and best practices in matters of corporate governance.*

The result of this evaluation highlighted the fact that the Audit and Compliance Committee performs its duties in accordance with the best corporate governance practices. The results of this evaluation were approved by the Audit and Compliance Committee and the Board of Directors on February 17, 2020.

# 5 |

## Progress made in 2019



*In line with the recommendations contained in Technical Guide 3/2017 for Audit and Compliance Committees, the following actions were carried out in 2019:*

- Updating of the Committee's Regulations, to adapt them to the recommendations on good governance and the Technical Guide 3/2017.
- An increase in the number and duration of meetings held by the Committee.

The Secretary to the Board of Directors of Enagás, S.A.

**Rafael Piqueras Bautista**

Paseo de los Olmos, 19 • 28005 Madrid  
(+34) 91 709 92 00  
enagas@enagas.es • www.enagas.es

Follow us on •  



**APPENDIX III**

**AUDIT OPINION ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING ("ICFR"), 2019**



**Independent Assurance Report on the “Information Regarding  
Internal Control over Financial Reporting (ICFR) System”**

**ENAGÁS, S.A.**

**2019**

## INDEPENDENT ASSURANCE REPORT ON THE "INFORMATION REGARDING THE INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) SYSTEM"

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the shareholders of ENAGÁS S.A.:

### Scope of the work

We have examined the accompanying information on the Internal Control over Financial Reporting (ICFR) system of ENAGÁS S.A. and subsidiaries (the "Group") contained in Section F of the Annual Corporate Governance Report for the year ended December 31, 2019.

The objective of this system is to contribute to the faithful representation of the transactions performed and to the provision of reasonable assurance in relation to the prevention or detection of any errors that might have a material effect of the consolidated financial statements.

The aforementioned system is based on the rules and policies defined by the Boards of Directors of ENAGÁS, S.A. in accordance with the guidelines established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its Internal Control-Integrated Framework (2013) report.

A system of internal control over financial reporting is a process designed to provide reasonable assurance on the reliability of financial information in accordance with the accounting principles and standards applicable to it. A system of internal control over financial reporting includes policies and procedures that: (i) enable the records reflecting the transactions performed to be kept accurately and with a reasonable level of detail, (ii) guarantee that these transactions are performed only in accordance with the authorizations established; (iii) provide reasonable assurance that transactions are recognized appropriately to enable the preparation of the financial information in accordance with the accounting principles and standards applicable to it; and (iv) provide reasonable assurance in relation to the prevention or timely detection of unauthorized acquisition, use or sale of the company's assets that could have a material effect on the financial information. In view of the limitations inherent to any system of internal control over financial reporting, certain errors, irregularities or fraud might not be detected. Also, the projection to future periods of an evaluation of internal control is subject to risks, including the risk that internal control may be rendered inadequate as a result of future changes in the applicable conditions or that there may be a reduction in the future of the degree of compliance with the policies or procedures established.

### Directors' Responsibility

The Directors of ENAGÁS, S.A. are responsible for maintaining the System of Internal Control over Financial Reporting included in the consolidated financial statements and for evaluating its effectiveness.

## **Our responsibility**

Our responsibility is to issue an independent assurance report on the effectiveness of the System of Internal Control over Financial Reporting (ICFR) based on the work performed by us.

Our work includes an evaluation of the effectiveness of the system of ICFR in relation to the financial information contained in the ENAGÁS' Group consolidated financial statements as at December 31, 2019, prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group.

We have carried out our reasonable assurance work in accordance with the requirements established by the International Standard on Assurance Engagements (ISAE) 3000 revised, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

Reasonable assurance work includes comprehension of internal control over financial information contained in the financial statements; risk evaluation regarding possible material errors within them; tests and evaluations on design and daily effectiveness of the system and the use of any other procedures we considered necessary. We consider that our audit provides a reasonable basis for our opinion.

## **Independence and quality control**

We have complied with the independence and other Code of Ethics requirements for accounting professionals issued by the International Ethics Standards Board for Accountants (IESBA), which are based on the fundamental principles of integrity, objectivity, professional competence, due care, confidentiality and professional behavior.

Our Firm applies the International Standard on Quality Control No 1 (ISQC 1) and therefore maintains a global system of quality control, which includes documented policies and procedures in relation to compliance with ethical requirements, professional standards and applicable legislation.

## **Conclusion**

In our opinion, at December 31, 2019, the Group had, in all material respects, an effective System of Internal Control over Financial Reporting contained in its consolidated financial statements, and this internal control system is based on the rules and policies defined by the Board of Directors of ENAGÁS, S.A. in accordance with the guidelines established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its Internal Control-Integrated Framework (2013) report. Also, the disclosures contained in section F of the Annual Corporate Governance Report at December 31, 2019 comply, in all material respects, with the requirements established by the Corporate Enterprises Act, the ECC Order /461/2013, of March 20, Circular 7/2015, of December 22, which amends Circular 5/2013, of June 12, of the Spanish National Securities Market Commission (CNMV) and Circular 2/2018, of June 12, of the Spanish National Securities Market Commission.

## Other matters

This report can under no circumstances be considered an audit report carried out in accordance with prevailing audit regulations in Spain.

Nevertheless, in accordance with prevailing audit regulations in Spain, we have audited the consolidated financial statements of Enagás, S.A. and subsidiaries for the year ended December 31, 2019, prepared by the directors in accordance with the International Financial Reporting Standards as adopted by the European Union, and other financial reporting framework provisions applicable to the Enagás Group in Spain and our report issued on February 21, 2020 on the consolidated financial statements expressed an unqualified opinion.

ERNST & YOUNG, S.L.



---

David Ruiz-Roso Moyano

February 21, 2020

**APPENDIX IV**

**AUDIT OPINION ON THE ANNUAL CORPORATE GOVERNANCE  
REPORT, 2019**

**Independent Assurance Report on the “Information Regarding  
the Annual Corporate Governance Report”**

**ENAGÁS, S.A.**

**2019**

## INDEPENDENT ASSURANCE REPORT ON THE "INFORMATION REGARDING THE ANNUAL CORPORATE GOVERNANCE REPORT"

Translation of a report and consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails.

To the shareholders of ENAGÁS, S.A.:

### Scope of the work

We have examined with the scope of a reasonable assurance engagement the Annual Corporate Governance Report for 2019 of ENAGÁS, S.A. prepared in accordance with article 540 of the Corporate Enterprises Act, ECC order /461/2013 of March 20, Circular 7/2015, of December 22, of the Spanish National Securities Market Commission (CNMV), which amends Circular 5/2013, of June 12 and Circular 2/2018 of June 12 of the Spanish National Securities Market Commission.

### Responsibility of the Board of Directors

The directors of ENAGÁS, S.A. are responsible for the preparation, content, and presentation of the accompanying Annual Corporate Governance Report. This responsibility includes designing, implementing, and maintaining the internal control deemed necessary to ensure that the Annual Corporate Governance Report is free of material misstatement due to fraud or error.

The directors of ENAGÁS, S.A., are also responsible for defining, implementing, adapting, and maintaining management systems through which the information needed for the preparation of the Annual Corporate Governance Report is obtained.

### Our responsibility

Our responsibility is to issue an independent reasonable assurance report on the Annual Corporate Governance Report based on the work performed by us.

We have carried out our reasonable assurance work in accordance with the requirements established by the International Standard on Assurance Engagements (ISAE) 3000 revised, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

Reasonable assurance work includes comprehension of the Annual Corporate Governance Report contained in the financial statements; risk evaluation regarding possible material errors within it; tests and evaluations on design and the use of any other procedures we considered necessary. We consider that our audit provides a reasonable basis for our opinion.

For those recommendations of the Unified Good Corporate Governance Code that have not been implemented by the Company, the Directors of ENAGÁS, S.A. offer the explanations that they consider appropriate. In relation to said explanations, we have verified that the assertions contained in the Annual Corporate Governance Report do not contradict the evidence obtained from the application of the procedures described above.

Also, as regards the system of Internal Control over Financial Reporting (ICFR) (see section F of the accompanying Annual Corporate Governance Report), we verified the existence of the corresponding report issued by the Company's auditor. That report stated that the work was performed in accordance with the requirements established in International Standard on Assurance Engagements (ISAE) 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) for the issuance of reasonable assurance reports.

### **Independence and quality control**

We have complied with the independence and other Code of Ethics requirements for accounting professionals issued by the International Ethics Standards Board for Accountants (IESBA), which are based on the fundamental principles of integrity, objectivity, professional competence, due care, confidentiality, and professional behavior.

Our Firm applies the International Standard on Quality Control No 1 (ISQC 1) and therefore maintains a global system of quality control, which includes documented policies and procedures in relation to compliance with ethical requirements, professional standards and applicable legislation.

### **Conclusion**

In our opinion, the content of the accompanying Annual Corporate Governance Report for the year ended December 31, 2019 of ENAGÁS, S.A. has been prepared, in all material respects, in accordance with article 540 of the Corporate Enterprises Act, ECC order /461/2013 of March 20, Circular 7/2015, of December 22, of the Spanish National Securities Market Commission (CNMV), which amends Circular 5/2013, of June 12 and Circular 2/2018 of June 12 of the Spanish National Securities Market Commission.

### **Other matters**

This report can under no circumstances be considered an audit report carried out in accordance with prevailing audit regulations in Spain.

ERNST & YOUNG, S.L.



David Ruiz-Roso Moyano

February 21, 2020